

U.S. Department of Education
Office of Student Financial Assistance

1990-91 DELIVERY SYSTEM TRAINING WORKSHOP

TRAINEE MATERIALS

December 1989

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SESSION #1 - Introduction to the Workshop and Training Materials

Session Objective

- To identify the overall goals of the workshop, the intended audience for the workshop, and the use of the Trainee Guide.

Sources for Further Study

None

The overall goal of the workshop is to enable trainees to describe how the Title IV Delivery System works for 1990-91. This includes any changes that will be effective for the 1990-91 award year.

The Title IV programs affected by the Delivery System are:

- Pell Grants
- Supplemental Educational Opportunity Grants
- State Student Incentive Grants
- College Work-Study
- Perkins Loans
- Stafford Loans
- Supplemental Loans for Students

Understanding how the Delivery System works is important, because it:

- Improves the efficiency and effectiveness of the Title IV programs;
- Helps financial aid administrators coordinate Federal and non-Federal aid; and
- Avoids unnecessary delays from application to award.

By the end of the workshop, trainees should be able to recognize:

- The participants involved in the Delivery System;
- What their roles are;
- The flow of information through the Delivery System; and
- The changes to the Delivery System for 1990-91.

This workshop is designed for financial aid administrators with two years of experience or less in the field.

An agenda for the workshop appears on the next page.

AGENDA FOR TWO-DAY FIELD WORKSHOP

Day One: 9:00 am - 5:00 pm

Session One: Introduction to the Workshop and Training Materials

Session Two: Overview of the Delivery System

Session Three: The Application Process

Session Four: Need Analysis

Day Two: 9:00 am - 5:00 pm

Session Five: The Student Aid Report (SAR)

Session Six: Corrections, Recalculations, and Adjustments

Session Seven: Pell Disbursements

Session Eight: Data Exchange

General Questions

The Trainee Guide may also be used to train other institutional staff who did not attend one of the 1990-91 Delivery System workshops. This material may be reproduced.

A glossary and an acronym list are included as appendices after Session 8 of the Trainee Guide.

Summary

In this introductory session, we reviewed:

- Objectives of the workshop,
- The workshop agenda, and
- The Trainee Guide and how it will be used during the workshop.

SESSION #2 - Overview of the Delivery System

Session Objective

- To name the participants in the Title IV Delivery System, recognize their roles in the flow of information, and identify the major changes to the Delivery System for 1990-91.

Sources for Further Study

- ED 1990-91 Student Aid Delivery System Action Letters
-

Basic Facts About Administering Federal Financial Aid

Legislative Authority:

The U.S. Congress authorizes the Federal student aid programs through legislation.

Legislation also sets annual funding levels.

- The authorizing legislation sets forth provisions for the student aid programs, such as award maximums and eligibility criteria for students and academic programs. For aid programs where students must show need for student aid funds, the law tells exactly how need is to be determined.
- The law tells how student dependency status will be determined. This dictates whether parent or student financial strength will be the primary consideration in the need calculation.

Need Equation:

$$\frac{\text{Cost of Attendance} - \text{Expected Family Contribution (the amount the family is able to pay)}}{\text{Need}}$$

There are two formulas in the law for calculating the family contribution: one for Pell Grants, and one for the other Title IV programs. Therefore, the student will get two Expected Family Contributions, or EFCs. For the Pell Grant, the need analysis methodology is called the Pell Grant Formula (or Family Contribution Schedule), and the expected family contribution is called the Pell Grant Index (PGI). For the other Title IV programs, the need analysis methodology is called the Congressional Methodology (CM), and the expected family contribution is called the Family Contribution (FC).

Steps in the Delivery System

The student (and parent of a dependent student) submits an application giving specific data needed for calculating the family contribution figures for Federal Title IV student aid programs.

- Data entry and calculations are performed by Department of Education contractors.
- The student and postsecondary schools listed by the student on the application receive information on the results of the calculation.

The school may request supporting documents for "verification" of the accuracy of application data if directed to do so by ED, or pursuant to school policy.

- The school determines the student's cost of attendance, applies the need equation above, and puts together an award package of available types of student aid.

The student accepts or declines the aid.

- The student receives funds during the award year.
- The school reports to ED on these expenditures.

The Participants In The 1990-91 Delivery System and Their Roles

The student, the Multiple Data Entry (MDE) processors, the Central Processing System, and the school all play an important role in the student aid Delivery System. Other participants include high school counselors, guarantee agencies and state agencies. This training focuses on the major participants in the application, need analysis, and Pell Grant Disbursement processes.

The major participants in the Title IV Delivery System are:

1. Students and their families,
2. Schools, and
3. Department of Education contractors.

The Role of Students and Their Families

- Complete the financial aid application;
- Provide other documentation, as required, to the schools;
- Submit the Student Aid Report (SAR) -- the report that shows the EFC figures -- to the school of choice; and
- Make corrections, as necessary, to the information provided on the application.

The Role of Schools

- Inform students and their families about the existence of student financial assistance;
- Provide information on the categories of aid and the eligibility requirements;
- Counsel students on the application process;
- Verify application information as required by Federal regulations;
- Advise students on the corrections process;
- Use the expected family contribution figures to determine eligibility for Pell Grants and other Title IV awards; and
- Report expenditures to the Department of Education.

ED Contractors

ED contractors are engaged by the Department of Education to perform specific functions within the Delivery System.

There are four types of ED contractors in the Delivery System. They are:

1. Multiple Data Entry Processors (MDEs)
2. Central Processing System (CPS)
3. Public Inquiry Contractor (PIC)
4. General Electronic Support (GES)

Role of the Multiple Data Entry Processors

five contractors that act as multiple data entry processors, or MDEs are:

1. American College Testing Program (ACT)
2. College Scholarship Service (CSS)
3. CSX Commercial Services, Inc. (CSX)
4. Pennsylvania Higher Education Assistance Agency (PHEAA)
5. United Student Aid Funds (USAF)

MDEs are primarily responsible for:

1. Receiving the application from the student;
2. Transmitting the Federal applicant data to the Central Processing System (CPS);
3. Producing the SAR; and
4. Sending the SAR to the student.

serves as the Application for Federal Student Aid (AFSA) Processor, in addition
processing its own application.

Role of the Central Processing System

Central Processing System, or CPS, is maintained by National Computer
ms (NCS). The CPS receives the Federal data from the MDEs and:

- Performs edits;
- Selects applications for verification;

- Calculates the Pell Grant Index, or PGI (previously called the Student Aid Index [SAI]), and the Family Contribution (FC);
- Conducts data matches; and
- Produces ED Applicant Rosters.

The Central Processing System does not receive applications from students -- not even the AFSA. Instead, the MDEs input the Federal applicant data and transmit it to the CPS. The CPS returns the processed data so the MDEs can produce the SAR and forward it to the student.

The Role of the Public Inquiry Contractor

The Public Inquiry Contractor, or PIC, is responsible for both correspondence and telephone inquiries from students. The PIC contractor is Biospherics, Incorporated. The PIC is also known as the Federal Student Aid Information Center.

The PIC handles two general categories of questions.

1. The PIC provides general information about:
 - a. How to file an application;
 - b. Student eligibility requirements for the Title IV programs;
 - c. How to correct a Student Aid Report;
 - d. Whether or not a school takes part in Federal student aid programs; and
 - e. How to obtain publications.

2. The PIC will also be responsible for providing information on the status of a student's application for Title IV funds and for processing requests for duplicate SARs.

The Role of the General Electronic Support (GES)

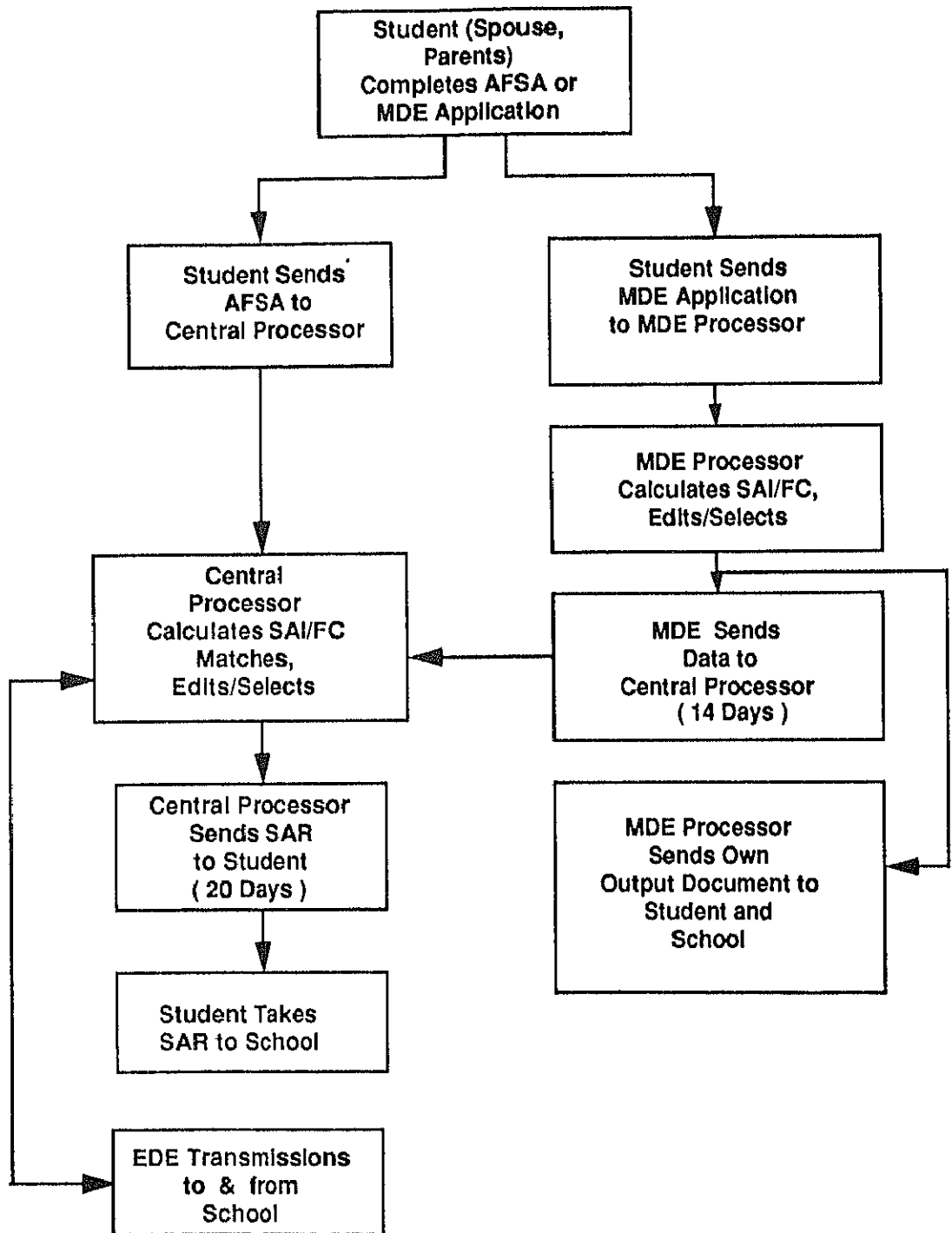
The contractor for the General Electronic Support, or GES, is also National Computer Systems (NCS).

The GES is responsible for the telecommunication links between the Central Processing System and the:

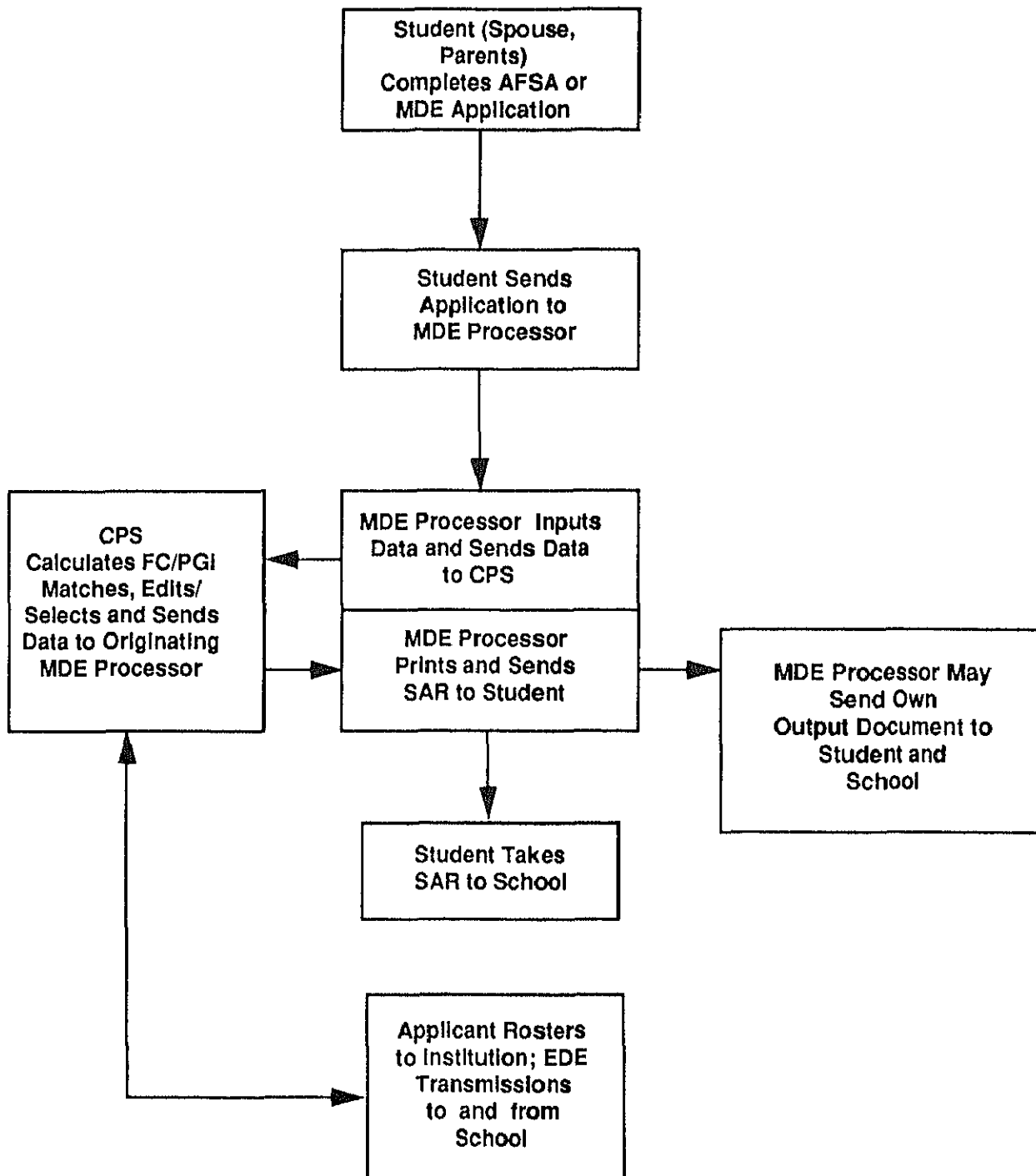
- Immigration and Naturalization Service,
- Selective Service,
- Title IV loan default data-base matches, and
- Schools using the Electronic Data Exchange.

GES functions are invisible to both students and the schools.

FLOW CHART OF 1989-1990 TITLE IV DELIVERY SYSTEM



FLOW CHART OF 1990-91 TITLE IV DELIVERY SYSTEM



The Federal Title IV Student Aid Delivery System for 1990-91

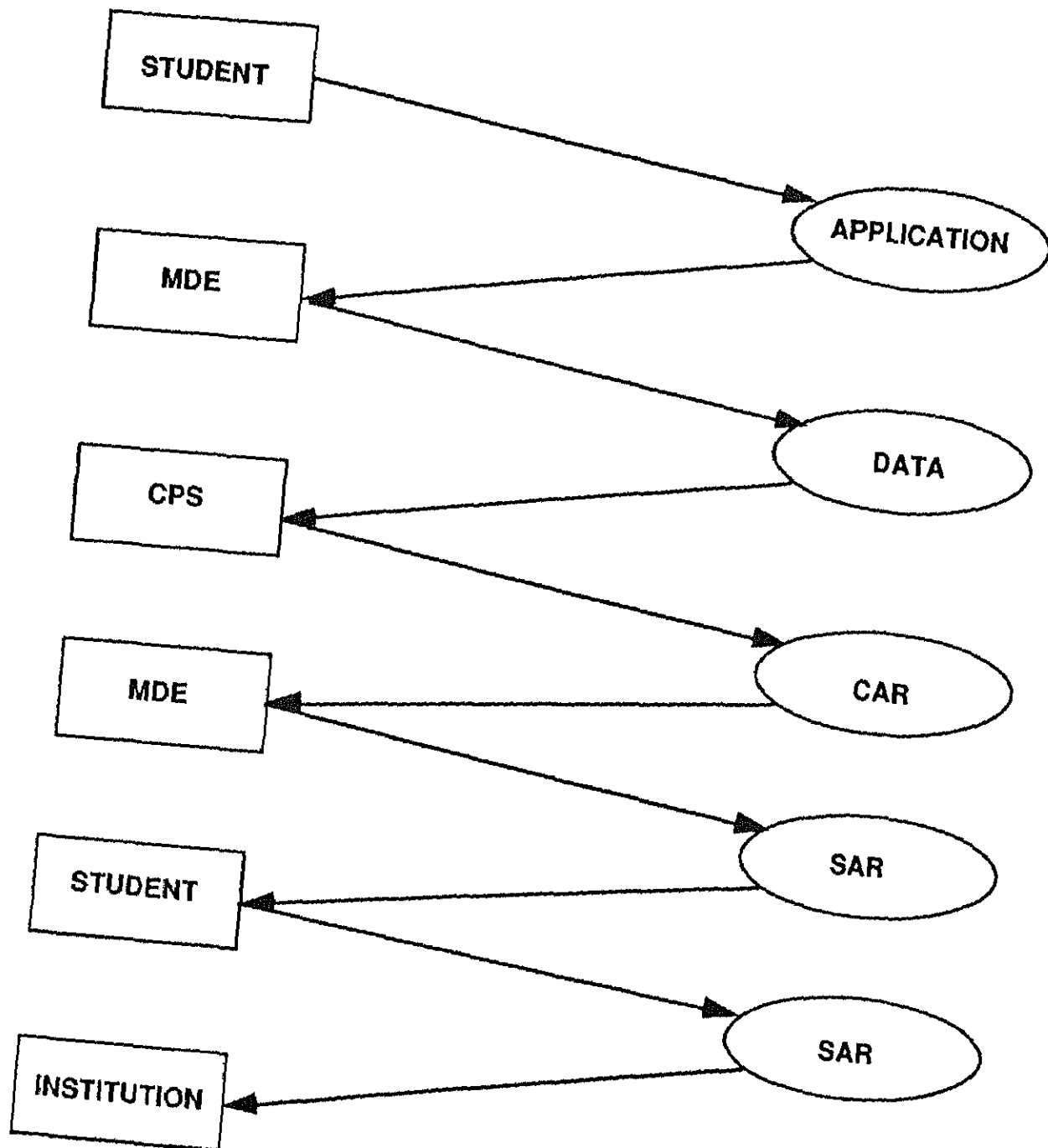
The operation of the Delivery System is described below and illustrated by the flow chart on Page Two - 9.

- The student fills out an AFSA or an MDE application.
- The student sends the form directly to an MDE processor.
 1. If the student is filing an AFSA, the AFSA is sent to the AFSA processor (CSS). No forms are sent directly to the Central Processing System.
 2. If the student is filing an MDE application, the student sends the form to the MDE that produced the form.
- The MDE processor inputs the Federal data from the form and transmits the data electronically to the Central Processing System within eight (8) working days of receipt of the application.
- The Central Processing System performs the need analysis calculations, matches, edits, and verification selection.
- The Central Processing System transmits the processed data back to the MDE processor on a Computed Applicant Record, or CAR, within three (3) days of receipt of the Federal applicant data from the MDE.
- The MDE prints the Student Aid Report (SAR).
- The MDE then forwards the SAR to the student within five (5) days of receiving the CAR.
- The student takes the SAR to the school.

- The school determines the student's eligibility for a Pell Grant using the Pell Grant Index (PGI) that appears on the SAR.
- The school may determine eligibility for other Title IV aid using the Congressional Methodology Family Contribution (FC) that appears on the SAR, or on the MDE-specific output.

Note that Electronic Data Exchange (EDE) schools continue to exchange information directly with the Central Processing System.

THE ROLE OF THE MDE



Description of the MDE Responsibilities

MDEs perform the following functions in the Title IV student aid Delivery System:

- Accept applications from students;
- Transmit Federal applicant data to the Central Processing System;
- Receive processed data returned from the CPS;
- Produce the SAR;
- Forward the SAR to the student;
- Receive SAR corrections;
- Accept Requests for Information Transfer; and
- Accept Requests for Duplicates.

The specific MDE financial aid application forms are called:

- ACT -- Family Financial Statement, or FFS*
- CSS -- Financial Aid Form, or FAF*
- CSX -- Application for Federal and State Student Aid, or AFSSA
- PHEAA -- Pennsylvania State Grant and Federal Student Aid form (no acronym)
- USAF -- SingleFile Form (no acronym)

* In California the form is called the Student Aid Application for California or SAAC.

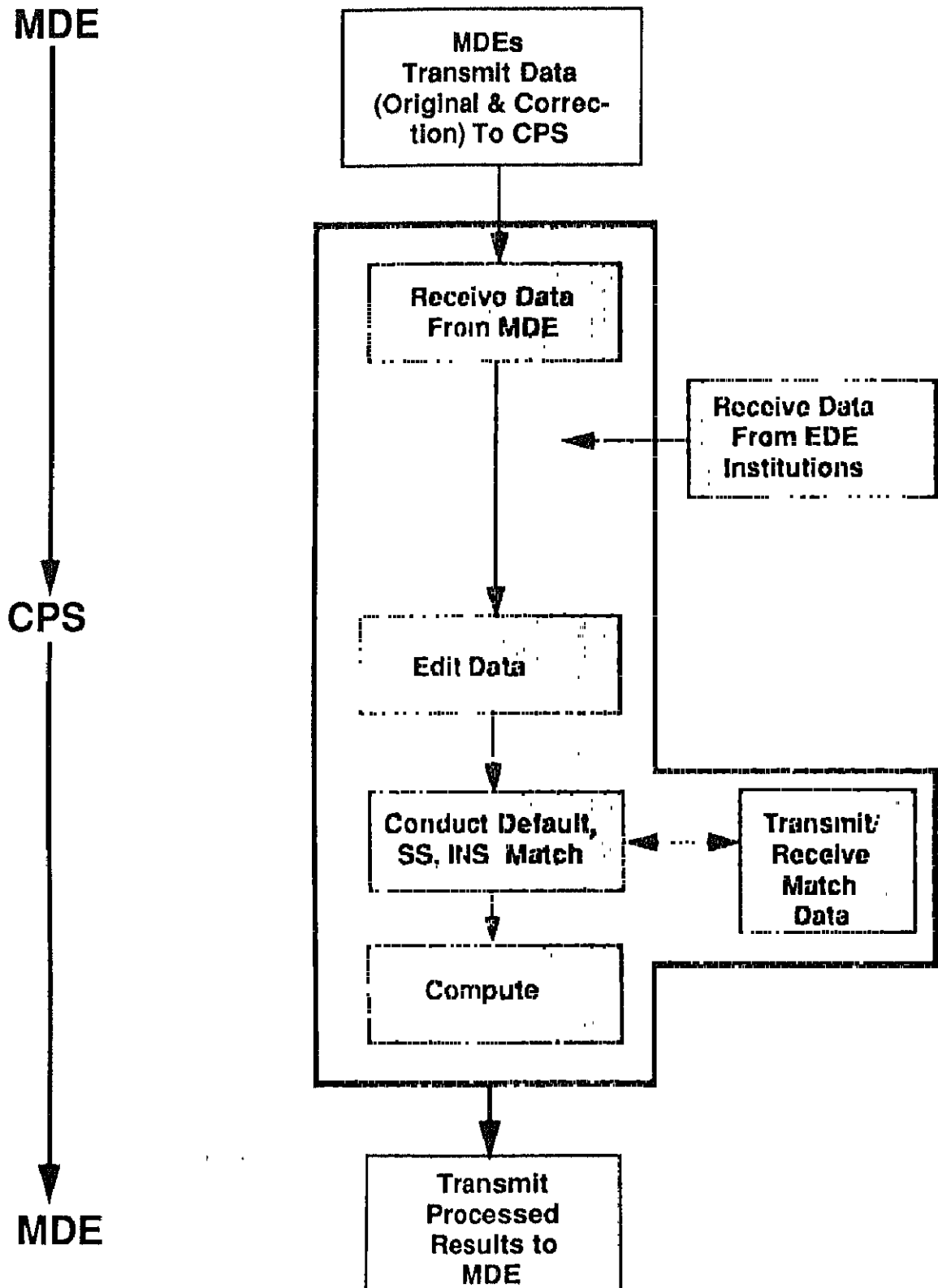
As the AFSA processor, CSS is responsible for the AFSA and the Correction AFSA.

The flow chart on Page Two - 12 illustrates the responsibilities of the MDEs as described below.

1. The student submits the application to the MDE.
2. The MDE takes the Federal data from the application and transmits it directly to the Central Processing System. The MDE is not required to do any calculations, edits, or verification selection.
3. The MDE receives the processed data back from the Central Processing System. The processed data is transmitted to the MDE via the Computed Applicant Record.
4. The MDE uses the information on the CAR to produce the SAR.
5. The MDE forwards the SAR directly to the student, so he or she may take the SAR to the school. MDEs may also produce their own output to students and to schools, but are not required to do so under their contract with ED.

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THE ROLE OF THE CENTRAL PROCESSING SYSTEM (CPS)



Description of the Central Processing System's Responsibilities

The Central Processing System (CPS) performs certain tasks in sequence, as described below and as illustrated on the flow chart on Page Two - 16.

- Receives the Federal applicant data electronically from the MDEs;
- Performs edit checks to detect inconsistencies and error-prone information;
- Selects applications for verification;
- Performs data matches with INS, Selective Service, and ED's loan default data base;
- Calculates the PGI and FC, and Intermediate Values in the need analysis formulas; and
- Returns the processed data to the MDE electronically on the Computed Applicant Record (CAR). The CAR contains instructions on what the SAR must include. The MDE then produces the SAR and forwards it to the student.

The Central Processing System is also responsible for sending Applicant Rosters to schools that request them. Applicant Rosters may be obtained either on hard copy (paper) or on magnetic tape.

Description of the Public Inquiry Contractor's Responsibilities

Students contact the PIC to obtain:

1. General information on Federal student aid, using a toll-free telephone number -- 1-800-333-INFO; and
2. Specific information about the status of their applications, using a toll number -- 1-301-722-9200.

Students may also:

1. Request duplicate SARs through the PIC using the toll number; and
2. Submit inquiries in writing as well as by telephone.

A Guide for Directing Inquiries appears on the following three pages. It is designed for schools to distribute to their students.

A GUIDE FOR DIRECTING INQUIRIES

For General Questions About Federal Student Assistance, Call:

1-800-333-INFO

This is the telephone number for the Federal Student Aid Information Center. They can give you help with:

1. Filing an application or correcting a SAR.
2. Checking on whether a school participates in the Federal student aid programs.
3. Explaining how the Federal programs work in general.
4. Explaining student eligibility requirements for Federal student aid.
5. Explaining how financial aid awards are made.
6. Handling complaints.
7. Explaining how verification works.
8. Obtaining publications and certain forms.

For Specific Questions about the Status of Your Application (Federal portion, only), Call:

1-301-722-9200 (This is not a toll-free number.)

At this number, you may get help with:

1. Finding out the status of your application.
2. Obtaining a duplicate SAR.

For Hearing Impaired Students, Call:

1-301-369-0518 (This is not a toll-free number.)

For Information On the Non-Federal Portion of Your Application, Contact the MDE that Produced the Application by calling:

American College Testing Program (ACT)	1-319-337-1200
College Scholarship Service (CSS)	1-800-722-3537
	1-800-558-5885 (AK or HI)
CSX Commercial Services, Inc. (CSX)	1-904-281-7302
Pennsylvania Higher Education Assistance Agency (PHEAA)	1-800-692-7435 (PA only)
	1-717-257-2800
United Student Aid Funds (USAF)	1-800-448-3530

A GUIDE FOR DIRECTING INQUIRIES (cont.)

If you are sending a correction, a request for duplicate SAR, or a letter regarding your application, the following chart should help you to properly address your correspondence.

Name of the Application	For Information About:	Write to Federal Student Aid Programs:
AFSA	<ul style="list-style-type: none">• Correction Applications• SAR History Corrections• Duplicate Requests /and Other Correspondence	c/o AFSA Processor: Box 6369 Box 6370 Box 6371 Princeton, NJ 08541
FFS (ACT)	<ul style="list-style-type: none">• Duplicate Requests/ Address Changes• Corrections and Other Correspondence• Requests for Information Transfer	c/o American College Testing Programs (ACT): Box 4017 Box 4018 Box 4019 Iowa City, IA 52243
FAF (CSS)	<ul style="list-style-type: none">• SAR History Corrections• Duplicate Requests/ and Other Correspondence	c/o College Scholarship Service (CSS): Box 6374 Box 6375 Princeton, NJ 08541
AFSSA (CSX)	<ul style="list-style-type: none">• All Correspondence	c/o CSX Commercial Services, Inc. (CSX): Box 53555 Jacksonville, FL 32201
PHEAA	<ul style="list-style-type: none">• All Correspondence	c/o Pennsylvania Higher Education Assistance Agency (PHEAA): Box 8135 Harrisburg, PA 17105
SingleFile Form (USAF)	<ul style="list-style-type: none">• All Correspondence	c/o United Student Aid Funds (USAF): Box 6131 Indianapolis, IN 46206

Summary

This session was designed to help financial aid administrators understand the fundamental elements of the 1990-91 Delivery System.

This session provided:

- An introduction to the participants involved in the Delivery System and their roles;
- An overview of the 1989-90 Delivery System; and
- An overview of the 1990-91 Delivery System, including specific responsibilities of the MDEs, the CPS, and the PIC.

During the session, we have mentioned some of the differences between the old system and the new one. These changes have some general effects for 1990-91. For instance, students no longer communicate directly with the Central Processing System (formerly the Central Processor). Instead, all information from students flows to the MDEs; and Federal output to students comes from the MDEs.

The changes to the Delivery System for 1990-91 discussed in this session are summarized as follows:

1. Neither the AFSA nor the Correction AFSA will be sent to the Central Processing System.
 - a. One of the MDEs (CSS) will act as the AFSA processor.
 - b. The AFSA processor will receive AFSAs and Correction AFSAs and transmit the data to the Central Processing System.
2. The Pell Grant Formula is used to calculate the Pell Grant Index (PGI), previously called the Student Aid Index (SAI).

3. The PGI and the Congressional Methodology Family Contribution (FC), along with Intermediate Values, are calculated by the Central Processing System and transmitted back to the MDE.
4. The Central Processing System performs all edits, including verification.
5. MDEs are responsible for producing SARs with the application edit messages pertinent to the student's application.
6. The Central Processing System will perform a new match with ED to identify students who are in default on student loans. The match will become operational July 1, 1990.
7. The Central Processing System no longer produces the SAR or handles student inquiries about application status.
 - a. After computation by the Central Processing System and transmission of data back to the MDE, the MDE produces the SAR.
 - b. The Public Inquiry Contractor (PIC) handles all inquiries regarding application status, in addition to providing general information on Federal student aid programs.
8. Request for Information Transfer (RIT) is a new component in the Delivery System, through which Federal application information filed with one MDE can be transferred to another MDE at no cost to the student.
9. MDEs and the PIC, not the Central Processing System, handle requests for duplicate SARs.

SESSION #3 - The Application Process

Session Objective

- To recognize how the financial aid application serves as the foundation of the Title IV Delivery System and to identify other input documents and their function within the Delivery System.

Sources for Further Study

- Regulations, 34 CFR, Parts 668 and 690
- Dear Colleague Letter GEN-89-12, February 1989
- ED 1990-91 Student Aid Delivery System Action Letters

Introduction

- The financial aid application serves as the foundation of the Title IV Delivery System.
- Financial aid administrators are able to determine the family's ability to contribute to the cost of education and the student's eligibility for Federal aid through information reported on an AFSA or MDE application.
- More information on determining the EFCs, financial need, and student eligibility is in Session 4.

Core Form

- In the past, Federal data elements on MDE applications were integrated with non-Federal data elements.
- Beginning in 1990-91, Federal data elements will be separated from non-Federal elements on MDE applications, and this core-data section will resemble the AFSA.

A sample of the AFSA appears on the following pages.

FORM APPROVED
OMB NO 1840-0110
APP EXP 6/30/91

U S Department of Education
Student Financial
Assistance Programs

"You" and "your" on this form always mean the student who wants aid.

<p>1. Your name</p> <p>Last _____ First _____ M.I. _____</p> <p>2. Your permanent mailing address (Mail will be sent to this address. See page 2 for State/Country abbreviation.)</p> <p>Number and Street (Include Apt. No.) _____</p> <p>City _____ State _____ ZIP Code _____</p> <p>3. Your title (<i>optional</i>)</p> <p><input type="checkbox"/> Mr. <input type="checkbox"/> Miss, Ms., or Mrs.</p> <p>4. Your State of legal residence</p> <p>_____ State</p> <p>5. Your social security number</p> <p>_____</p> <p>6. Your date of birth</p> <p>_____ Month Day Year</p>	<p>7. Are you a U.S. citizen?</p> <p><input type="checkbox"/> Yes, I am a U.S. citizen. <input type="checkbox"/> No, but I am an eligible noncitizen. (See the instructions on page 2.) [A] _____</p> <p><input type="checkbox"/> No, neither of the above. (See the instructions on page 3.)</p> <p>8. As of today, are you married? (Check only one box)</p> <p><input type="checkbox"/> I am not married (I am single, divorced, or widowed) <input type="checkbox"/> I am married. <input type="checkbox"/> I am separated from my spouse.</p>	<p>9. What year will you be in college in 1990-91? (Check only one box.)</p> <p><input type="checkbox"/> 1st (<i>never previously attended college</i>) <input type="checkbox"/> 1st (<i>previously attended college</i>) <input type="checkbox"/> 2nd <input type="checkbox"/> 3rd <input type="checkbox"/> 4th <input type="checkbox"/> 5th or more undergraduate <input type="checkbox"/> first year graduate/professional (beyond a bachelor's degree) <input type="checkbox"/> Continuing graduate or professional</p> <p>10. Will you have your first Bachelor's degree before July 1, 1990?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
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11. a. Were you born before January 1, 1967?
- b. Are you a veteran of the U.S. Armed Forces?
- c. Are you a ward of the court or are both your parents dead?
- d. Do you have legal dependents (*other than a spouse*) that fit the definition in the instructions on page 3?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

If you answered "Yes" to any part of question 11, go to Section C and fill out the GRAY and the WHITE areas on the rest of the form. (Skip questions 12 through 15.)

If you answered "No" to every part of question 11, and you are:

- Unmarried now (single, divorced, separated, or widowed) and will be an undergraduate student in 1990-91, answer question 12. (Skip question 15)
- Married now or will be a graduate/professional student in 1990-91, answer question 15 (Skip questions 12 through 14d.)

12. Did your parents claim you as an income tax exemption?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

If you answered "Yes" to either year in question 12, go to Section C, and fill out the BLUE and the WHITE areas on the rest of the form. (Skip questions 13 through 15)

If you answered "No" to both years in question 12, answer question 13 below.

13. Beginning with the 1987-88 school year, you first received Federal student aid.. (Check only one box: a, b, c, or d. See instructions on page 3.

- a. ☐ In the 1987-88 school year.
(Answer 14a below. Skip questions 14b, 14c, and 14d.)
- b. ☐ In the 1988-89 school year.
(Answer 14b below. Skip questions 14a, 14c, and 14d.)
- c. ☐ In the 1989-90 school year.
(Answer 14c below. Skip questions 14a, 14b, and 14d.)
- d. ☐ In neither a, b, or c.
(Answer 14d below. Skip questions 14a, 14b, and 14c.)

- | 14a. Did you have total resources of \$4,000 or more, not including parents' support? | | | 14b. Did you have total resources of \$4,000 or more, not including parents' support? | | | 14c. Did you have total resources of \$4,000 or more, not including parents' support? | | | 14d. Did you have total resources of \$4,000 or more, not including parents' support? | | |
|---|--------------------------|--------------------------|---|--------------------------|--------------------------|---|--------------------------|--------------------------|---|--------------------------|--------------------------|
| | Yes | No | | Yes | No | | Yes | No | | Yes | No |
| ...In 1985? | <input type="checkbox"/> | <input type="checkbox"/> | ...In 1986? | <input type="checkbox"/> | <input type="checkbox"/> | ...In 1987? | <input type="checkbox"/> | <input type="checkbox"/> | ...In 1988? | <input type="checkbox"/> | <input type="checkbox"/> |
| ...In 1986? | <input type="checkbox"/> | <input type="checkbox"/> | ...In 1987? | <input type="checkbox"/> | <input type="checkbox"/> | ...In 1988? | <input type="checkbox"/> | <input type="checkbox"/> | ...In 1989? | <input type="checkbox"/> | <input type="checkbox"/> |

- If you answered "No" to either year in question 14a, 14b, 14c, or 14d, go to Section C and fill out the **BLUE** and the **WHITE** areas on the rest of the form.
- If you answered "Yes" to both years in question 14a, 14b, 14c, or 14d, go to Section C and fill out the **GRAY** and the **WHITE** areas on the rest of the form.

15. Will your parents claim you as an income tax exemption in 1990?

If you answered "Yes" to question 15, go to Section C and fill out the **BLUE** and the **WHITE** areas on the rest of the form.

If you answered "No" to question 15, go to Section C and fill out the GRAY and the WHITE areas on the rest of the form.

Section C: Household Information

PARENTS

16. What is your parents' current marital status?

- ☐ unmarried (single, divorced, or widowed)
☐ married
☐ separated

17. What is your parents' State of legal residence?

State

18. Number of family members in 1990-91 _____

(Write in the total number of people that your parents will support in 1990-91. Always include yourself and your parents. Include your parents' other children and other people only if they meet the definition in the instructions on page 4.)

19. Number of college students in 1990-91 _____

(Of the number in 18, write in the number of family members who will be in college at least half-time. Include yourself.)

STUDENT (& SPOUSE)

20. Number of family members in 1990-91 _____

(Write in the total number of people that you will support in 1990-91. Always include yourself and your spouse. Include your spouse's other children and other people only if they meet the definition in the instructions on page 4.)

21. Number of college students in 1990-91 _____

(Of the number in 20, write in the number of family members who will be in college at least half-time. Include yourself.)

Section D: 1989 income, earnings, and benefits

(You must see the instructions for income and taxes that you should exclude from questions 24 through 28.)

22. The following 1989 U.S. income tax figures are from ...

Everyone must fill out the Student
(& Spouse) column below.

PARENTS

(Check only one box.)

- ☐ a completed 1989 IRS Form 1040EZ or 1040A (Go to 23.)
☐ a completed 1989 IRS Form 1040 (Go to 23.)
☐ an estimated 1989 IRS Form 1040EZ or 1040A (Go to 23.)
☐ an estimated 1989 IRS Form 1040 (Go to 23.)
☐ a tax return will not be filed. (Skip to 26.)

STUDENT (& SPOUSE)

(Check only one box.)

- ☐ a completed 1989 IRS Form 1040EZ or 1040A (Go to 23.)
☐ a completed 1989 IRS Form 1040 (Go to 23.)
☐ an estimated 1989 IRS Form 1040EZ or 1040A (Go to 23.)
☐ an estimated 1989 IRS Form 1040 (Go to 23.)
☐ a tax return will not be filed. (Skip to 26.)

TAX FILERS ONLY

23. 1989 total number of exemptions (Form 1040-line 6e, or 1040A-line 6e; 1040EZ filers, see instructions on pages 5 and 6.) _____

24. 1989 income from IRS Form 1040-line 31, 1040A-line 13, or 1040EZ-line 3, or see instructions on pages 5 and 6. \$ _____

25. 1989 U.S. income tax paid (Form 1040-line 47, 1040A-line 22, or 1040EZ-line 7) \$ _____

26. 1989 income earned from work Father \$ _____

27. 1989 income earned from work Mother \$ _____

28. 1989 untaxed income and benefits (yearly totals only)

- a. Social security benefits \$ _____
b. Aid to Families with Dependent Children (AFDC or ADC) \$ _____
c. Child support received for all children \$ _____
d. Other untaxed income and benefits from worksheet #2 on page 11. \$ _____

TAX FILERS ONLY

23. _____

24. \$ _____

25. \$ _____

Student 26. \$ _____

Spouse 27. \$ _____

28.

- a. \$ _____
b. \$ _____
c. \$ _____
d. \$ _____

Section E: College Release and Certification

29. What college(s) do you plan to go to in 1990-91?

	College Name	Street Address	City	State
a.				
b.				

30. Do you give the U.S. Dept. of Education permission to send information from this form to:

- a. The financial aid agency in your State?
☐ Yes ☐ No
- b. The college(s) you named in 29 (or its representative)?
☐ Yes ☐ No

31. ☐ Check this box if you give Selective Service permission to register you (See instructions on page 6.)

Dept. of Ed Use Only
 (Do not write in this box.)

--	--	--	--	--	--	--	--	--	--

32. Read and sign

Certification: All of the information on this form and the Supplemental Information page, if completed, is true and complete to the best of my knowledge. If asked by an authorized official, I agree to give proof of the information that I have given on this form and the Supplemental Information page, if completed. I realize that this proof may include a copy of my U.S., State, or local income tax return. I also realize that if I do not give proof when asked, the student may be denied aid.

Student _____

Student's spouse _____

Father _____

Mother _____

Date completed: _____
 Month Day Year ☐ 1990 ☐ 1991

ATTENTION

If you are filling out the BLUE and WHITE areas, you will need to refer to Section D to complete worksheet #3A below. The worksheet will tell you whether you must fill out the Supplemental Information (Sections F through I).

WORKSHEET #3A FOR THE SIMPLIFIED NEEDS TEST

1. Did or will you, your spouse, or your parents file a 1989 IRS Form 1040?

- ☐ Yes (Fill out Sections F through I.)
☐ No (Fill out the rest of this worksheet.)

Check "Yes" if a foreign or Puerto Rican tax return was or will be filed.

PARENTS
COLUMN A

STUDENT/SPOUSE
COLUMN B

Income from:

2a. Question 24 \$_____.00 \$_____.00

OR

2b. Questions 26 and 27
 (use only if you left
 Question 24 blank) \$_____.00 \$_____.00

3. Write in the total
 of column A and
 column B entries
 from Question 2.

\$_____.00

If the total from 3 is \$15,000 or less, fill out this form. You do not have to fill out the Supplemental Information (Sections F through I) if you, your spouse or at least one of your parents and spouse is a worker or your spouse or filer asks you to). Mail the form to: Local Student Aid Program, P.O. Box 336.

If the total from 3 is \$15,001 or more, you must fill out Sections F through I.

If you are filling out the BLUE and WHITE areas, you will need to refer to Section D to complete worksheet #3A below. The worksheet will tell you whether you must fill out the Supplemental Information (Sections F through I).

WORKSHEET #3B FOR THE SIMPLIFIED NEEDS TEST

1. Did or will you, your spouse, or your parents file a 1989 IRS Form 1040?

- ☐ Yes (Fill out Sections F through I.)
☐ No (Fill out the rest of this worksheet.)

Check "Yes" if a foreign or Puerto Rican tax return was or will be filed.

STUDENT/SPOUSE

Income from:

2a. Question 24 \$_____.00 \$_____.00

OR

2b. Questions 26 and 27
 (use only if you left
 Question 24 blank) \$_____.00 \$_____.00

If the total from 3 is \$15,000 or less, fill out this form. You do not have to fill out the Supplemental Information (Sections F through I) if you, your spouse or at least one of your parents and spouse is a worker or your spouse or filer asks you to). Mail the form to: Local Student Aid Program, P.O. Box 336.

If the total from 3 is \$15,001 or more, you must fill out Sections F through I.

SUPPLEMENTAL INFORMATION

Section F: 1989 expenses

	PARENTS	STUDENT (& SPOUSE)
33. 1989 medical expenses of insured party for tax	\$ _____ .00	33. \$ _____ .00
34. 1989 housing expenses of insured party for dependent children		
a. Amount paid for dependent children for the year	\$ _____ .00	34a. \$ _____ .00
b. For how many dependent children	<u> 1 </u>	34b. <u> 1 </u>

Section G: Asset Information

If you are completing this page, you must fill out the student (& spouse) column below.

	PARENTS	STUDENT (& SPOUSE)
35. Is either of your parents a displaced homemaker? (See the instructions on page 7.)	<input type="checkbox"/> Yes <input type="checkbox"/> No	35. Are you, or is your spouse, a displaced homemaker? <input type="checkbox"/> Yes <input type="checkbox"/> No (See the instructions on page 8.)
36. Write in the age of your older parent	<u> 11 </u>	
	What is it worth today? What is owed on it?	What is it worth today? What is owed on it?
37. Cash, savings, and checking accounts	\$ _____ .00 XXXXXXXXXXXX	37. \$ _____ .00 XXXXXXXXXXXX
38. Home (Renters write in "0.")	\$ _____ .00 \$ _____ .00	38. \$ _____ .00 \$ _____ .00
39. Other real estate and investments	\$ _____ .00 \$ _____ .00	39. \$ _____ .00 \$ _____ .00
40. Business and farm	\$ _____ .00 \$ _____ .00	40. \$ _____ .00 \$ _____ .00
41. Does any part of item 40 include a farm?	<input type="checkbox"/> Yes <input type="checkbox"/> No	41. <input type="checkbox"/> Yes <input type="checkbox"/> No

Section H: Your veterans educational benefits per month (for the student only)

(If you are completing this page, you must answer question 42. If you are filling out the GRAY and the WHITE areas, you must also answer question 43.)

Expected Amount
July 1, 1990 through June 30, 1991

42. Your veterans "old" GI Bill and Dependents Educational Assistance Program benefits

a. Amount per month \$ _____ .00 a month

b. Number of months 1 months

Section I: Expected 1990 taxable and nontaxable income and benefits

(You must see the instructions for income and taxes that you should exclude from questions 45 through 49.)

If you are completing this page, you must fill out the student (& spouse) column below.

	PARENTS	STUDENT (& SPOUSE)
44. Is either of your parents certified as a dislocated worker by the appropriate agency? (See the instructions on page 9.)	<input type="checkbox"/> Yes (Fill out the rest of this column, and go to the student and spouse column, question 44.) <input type="checkbox"/> No (Go to the student and spouse column, question 44.)	44. Are you, or is your spouse, certified as a dislocated worker by the appropriate agency? (See the instructions on page 9.) <input type="checkbox"/> Yes (Fill out the rest of this column.) <input type="checkbox"/> No (Skip this column, and mail the form.)
45. 1990 U.S. income tax to be paid	\$ _____ .00	45. \$ _____ .00
46. 1990 income earned from work Father	\$ _____ .00	Student 46. \$ _____ .00
47. 1990 income earned from work Mother	\$ _____ .00	Spouse 47. \$ _____ .00
48. 1990 other taxable income	\$ _____ .00	48. \$ _____ .00
49. 1990 nontaxable income and benefits (See instructions on page 9.)	\$ _____ .00	49. \$ _____ .00



You have finished the application. Recheck your application. **MAKE SURE THAT YOU HAVE COMPLETED SECTION E.**
Mail the application to: Federal Student Aid Programs, P.O. Box

December 19, 1989

TG Three - 6

A Guide to the Federal Elements on a Financial Aid Application

The "Guide" is a tool for learning how application data are used in administering Federal assistance.

<u>Data Elements</u>	<u>Usage</u>	<u>1040</u>	<u>1040A</u>	<u>1040EZ</u>	<u>AFSA</u>	<u>ACT</u>	<u>CSS</u>	<u>CSX</u>	<u>PHEA</u>	<u>USAF</u>
Name	I/T				1	1b	1	1	1	1
Address	I				2	2-5	2	2	2	2
Title	I				3	1a	3	3	3	3
State of Legal Residence	I/R				4	11	4	4	4	4
Social Security #	I/T				5	6	5	5	5	5
Date of Birth	I/T/D				6	7	6	6	6	6
Citizenship Status	T				7	8,9	7	7	7	7
Marital Status	D/R	1-5	1-5		8	10	8	8	8	8
Year In College	I/T/ D/R				9	12	9	9	9	9
Bachelor's Degree	I/T				10	13	10	10	10	10

USAGE KEY

I	Identification	*	Excluded from Simple Calculation
T	Tracking	#	Excluded for Dislocated Worker and Spouse
D	Dependency Status	DW	Dislocated Worker Calculation Only
R	Regular Formula & All Other Formulas Unless Designated Otherwise	+	Excluded for Displaced Homemaker
		DH	Displaced Homemaker Calculation Only
		DS	Delivery System

- Left-hand column: a list of Federal data elements in the order they appear on the AFSA.
- Second column: one or more codes describing how the element is used (see usage key).
- Next three columns: Federal tax return line-item references used to verify the element.

There are eight categories of data elements for which usage key codes are provided.

1. Identification ("I")

a. Elements that distinguish each applicant include:

Name

Address

Title

State of legal residence

Social Security Number (SSN)

Date of birth

b. Located in Section A on AFSA.

2. Tracking ("T")

a. Elements used to conduct matches with Selective Service, Immigration and Naturalization Service and ED's loan default data base.

b. Elements used to assure that students do not receive Pell Grants for study beyond the first baccalaureate.

c. Includes:

Name

Social Security Number (SSN)

Date of birth

Citizenship status

Year in college

Receipt of Bachelor's degree

Selective Service registration

d. Located in Sections A and E on AFSA.

3. Dependency Status ("D")

- a. Pivotal elements: determine whether to consider parent's information in calculating the expected family contribution.
- b. To be independent, a student must:
 - 1) Be at least 24 years old by December 31 of award year; or
 - 2) Be an orphan or ward of the court; or
 - 3) Be a veteran of the Armed Forces of the United States; or
 - 4) Have legal dependents other than a spouse; or
 - 5) Be a graduate or professional student who will not be claimed as an income tax exemption by parents or guardian for the first calendar year of the award year; or
 - 6) Be a married student who will not be claimed as an income tax exemption by parents or guardian for the first calendar year of the award year; or
 - 7) Be a single undergraduate student with no dependents, who was not claimed as a tax exemption by parents or guardian for the two calendar years preceding the award year; and who demonstrates total self-sufficiency for the two-year period prior to the initial receipt of Federal student aid, as evidenced by annual total resources of at least \$4,000.
- c. Students may be categorized as independent on the basis of unusual circumstances documented by the aid administrator using professional judgment.

- d. Includes:
 - Date of birth
 - Marital status
 - Dependency status criteria
 - Receipt of student aid
 - Student resources
 - Whether parents claimed or will claim applicant as a tax exemption
 - e. Located in sections A and B on AFSA.
4. Regular Need Analysis Calculation ("R")
- a. Elements used in the regular formula to determine financial need and to perform verification.
 - b. Uses the largest number of data elements and is the most comprehensive of all the need analysis calculations.
 - c. Includes:
 - Parent's marital status
 - Parent's state of legal residence
 - Number of family members
 - Number in college
 - Type of tax return filed
 - Number of exemptions
 - Base-year adjusted gross income (AGI)
 - Income tax paid
 - Earned income
 - Untaxed income and benefits
 - Medical/dental expenses
 - Elementary/secondary tuition expense
 - Age of older parent
 - Cash/savings/checking
 - Net value of home
 - Net value of other real estate and investments

Net value of business or farm assets
GI Bill/DEAP benefits
VEAP benefits

- d. Located in Sections C, D, F, and G on AFSA.
5. Simplified Needs Test Calculation ("*").
- a. Used when the family adjusted gross income is \$15,000 or less and the 1040A or 1040EZ tax return was filed or when total family earnings are \$15,000 or less and no tax return was filed.
 - b. Excludes certain elements from the determination of financial need.
 - c. Includes all data elements used in the regular need analysis calculation, EXCEPT:
 - Medical/dental expenses
 - Elementary/secondary tuition expense
 - Age of older parent
 - Cash/savings/checking
 - Net value of home
 - Net value of other real estate and investments
 - Net value of business or farm
 - GI Bill/DEAP benefits
 - VEAP benefits
 - d. Excluded elements are in Sections F, G and H on AFSA.
6. Dislocated Worker Calculation ("#" and "DW")
- a. "#" -- elements that are excluded from need analysis using the Dislocated Worker calculation.
 - b. "DW"-- elements used specifically for the Dislocated Worker calculation.

- c. Specific eligibility criteria are described in application instructions.
 - d. Item #44 on AFSA must be checked "yes" for either the parent or student.
 - e. EXCLUDES from calculation the net value of the home.
 - f. Uses expected taxed and untaxed income instead of base-year income for the Dislocated Worker and spouse.
 - g. Excluded information is located in Section G. Expected income information is located in Section I on AFSA.
7. Displaced Homemaker Calculation ("+" and "DH")
- a. "+" -- elements that are excluded from need analysis using the Displaced Homemaker calculation.
 - b. "DH" -- elements used specifically for the Displaced Homemaker calculation.
 - c. Specific eligibility criteria are described in application instructions.
 - d. Item #35 on AFSA must be checked "yes" for either the parent or student.
 - e. Base-year taxed and untaxed income are used in the calculation.
 - f. EXCLUDES from calculation the net value of the home.
 - g. Excluded information is located in Section G on AFSA.

8. Delivery System ("DS")
 - a. Elements that cause information to be transferred from one participant in the Delivery System to another.
 - b. Includes:
 - Names of colleges
 - Release of information to colleges and ED
 - Student/parents/spouse certifications
 - c. Located in Section E on AFSA.

Cory, The Case Study

Cory is an eighteen-year old public high-school student who will be entering her first year in college in 1990-91. She lives in Ohio with her married parents who are both 50 years old. She has one sister who is 20 years old and is starting her junior year in college in 1990-91.

We are able to gather this information from several areas on Cory's completed AFSA. Section A contains the basic identification information and Section C contains information about her household.

From Section D, we see that for 1989, Cory's parents filed a 1040 form on which they claimed four (4) exemptions and reported an Adjusted Gross Income of \$12,500. Cory's father earned a salary of \$10,000 in 1989 and Cory's mother earned \$2,500 for the year. Cory's mother also received \$13,000 in Social Security Benefits. They also reported that they had no Federal tax liability.

Also in Section D, Cory reported that after school, she worked part-time and earned \$1,475 for the year. In addition, she had \$25 in interest income. Therefore, her Adjusted Gross Income on her 1040EZ was \$1,500 and her Federal tax liability was \$6.

Because Cory's parents filed a 1040, they were required to complete the entire AFSA.

Cory's parents reported in Section F that they had paid \$1,675 in unreimbursed medical expenses. In Section G they reported \$1,200 in their checking and savings accounts, ownership of a mobile home currently valued at \$25,000 on which they still owe a mortgage of \$10,000, and a family business they own and operate which is valued at \$20,000 and has an outstanding debt of \$10,000.

Cory reported in the student portion, Section G, that she has a savings account with \$500, but no other assets.

Cory and her parents signed the AFSA on February 15, 1990, as shown in Section E.

A copy of Cory's completed AFSA, shown with "A Guide to the Federal Elements on a Financial Aid Application," is included on the following pages (Pages Three - 15 through Three - 22).

A Guide to the Federal Elements on a Need Analysis Application

Application for Federal Student Aid 1990-91 School Year

FORM APPROVED
OMB NO 1840-0110
APP EXP 6/30/91
U.S. Department of Education
Student Financial
Assistance Programs

WARNING: If you purposely give false or misleading information on this form, you may be fined \$10,000, sent to prison, or both.

"You" and "your" on this form always mean the student who wants aid.

Section A: Yourself

1. Your name

Kelly

Last

Clary

First
2. Your permanent mailing address
 (Mail will be sent to this address. See page 2 for State/Country abbreviation.)

7122 Elm Court

Number and Street (Include Apt. No.)

Columbus

City

OH

State

44224

ZIP Code
3. Your title (optional)
☐ Mr.
☒ Miss, Ms., or Mrs.
4. Your State of legal residence
OH
 State
5. Your social security number
123 45 0789
6. Your date of birth
01 / 15 / 72
 Month Day Year
7. Are you a U.S. citizen?
☒ Yes, I am a U.S. citizen.
☐ No, but I am an eligible noncitizen. (See the instructions on page 2.)
A
8. As of today, are you married?
 (Check only one box.)
☒ I am not married. (I am single, divorced, or widowed.)
☐ I am married.
☐ I am separated from my spouse.
9. What year will you be in college in 1990-91?
 (Check only one box.)
☒ 1st (never previously attended college)
☐ 1st (previously attended college)
☐ 2nd ☐ 3rd ☐ 4th
☐ 5th or more undergraduate
☐ first year graduate/professional (beyond a bachelor's degree)
☐ Continuing graduate or professional
10. Will you have your first Bachelor's degree before July 1, 1990?
☐ Yes ☒ No

Data Elements	Usage	1040	1040A	1040EZ	AFSA	ACT	CSS	CSX	PHEA	USAF
Name	I/T				1	1b	1	1	1	1
Address	I				2	2-5	2	2	2	2
Title	I				3	1a	3	3	3	3
State of Legal Residence	I/R				4	11	4	4	4	4
Social Security #	I/T				5	6	5	5	5	5
Date of Birth	I/T/D				6	7	6	6	6	6
Citizenship Status	T				7	8,9	7	7	7	7
Marital Status	D/R	1-5	1-5		8	10	8	8	8	8
Year In College	I/T/ D/R				9	12	9	9	9	9
Bachelor's Degree	I/T				10	13	10	10	10	10

USAGE KEY

I Identification	*	Excluded from Simple Calculation
T Tracking	#	Excluded for Dislocated Worker and Spouse
D Dependency Status	DW	Dislocated Worker Calculation Only
R Regular Formula & All Other Formulas Unless Designated Otherwise	DH	Excluded for Displaced Homemaker
	DS	Displaced Homemaker Calculation Only
		Delivery System

A Guide to the Federal Elements on a Need Analysis Application

Section B: Student Status

11. a. Were you born before January 1, 1967?
 b. Are you a veteran of the U.S. Armed Forces?
 c. Are you a ward of the court or are both your parents dead?
 d. Do you have legal dependents (other than a spouse) that fit the definition in the instructions on page 3?

Yes ☐
 No ☐
 Yes ☐
 No ☐
 Yes ☐
 No ☐
 Yes ☐
 No ☐

If you answered "Yes" to any part of question 11, go to Section C and fill out the GRAY and the WHITE areas on the rest of the form. (Skip questions 12 through 15.)

If you answered "No" to every part of question 11, and you are:

- Unmarried now (single, divorced, separated, or widowed) and will be an undergraduate student in 1990-91, answer question 12. (Skip question 15.)
- Married now or will be a graduate/professional student in 1990-91, answer question 15. (Skip questions 12 through 14d.)

Unmarried Undergraduate Students Only

12. Did your parents claim you as an income tax exemption?

Yes ☐
 No ☐
 ... In 1988? ☐
 ... In 1989? ☐

If you answered "Yes" to either year in question 12, go to Section C, and fill out the BLUE and the WHITE areas on the rest of the form. (Skip questions 13 through 15.)

If you answered "No" to both years in question 12, answer question 13 below.

13. Beginning with the 1987-88 school year, you first received Federal student aid. (Check only one box: a, b, c, or d. See instructions on page 3.)

- a. ☐ in the 1987-88 school year. (Answer 14a below. Skip questions 14b, 14c, and 14d.)
 b. ☐ in the 1988-89 school year. (Answer 14b below. Skip questions 14a, 14c, and 14d.)
 c. ☐ in the 1989-90 school year. (Answer 14c below. Skip questions 14a, 14b, and 14d.)
 d. ☐ in neither a, b, or c. (Answer 14d below. Skip questions 14a, 14b, and 14c.)

- 14a. Did you have total resources of \$4,000 or more, not including parents' support?

Yes ☐
 No ☐
 ... In 1985? ☐
 ... In 1986? ☐

- 14b. Did you have total resources of \$4,000 or more, not including parents' support?

Yes ☐
 No ☐
 ... In 1986? ☐
 ... In 1987? ☐

- 14c. Did you have total resources of \$4,000 or more, not including parents' support?

Yes ☐
 No ☐
 ... In 1987? ☐
 ... In 1988? ☐

- 14d. Did you have total resources of \$4,000 or more, not including parents' support?

Yes ☐
 No ☐
 ... In 1988? ☐
 ... In 1989? ☐

- If you answered "No" to either year in question 14a, 14b, 14c, or 14d, go to Section C and fill out the BLUE and the WHITE areas on the rest of the form.
- If you answered "Yes" to both years in question 14a, 14b, 14c, or 14d, go to Section C and fill out the GRAY and the WHITE areas on the rest of the form.

Married or Graduate/Professional Students Only

15. Will your parents claim you as an income tax exemption in 1990?

Yes ☐
 No ☐

Data Elements	Usage	1040	1040A	1040EZ	AFSA	ACT	CSS	CSX	PHEA	USAF
Student Dependency Status Criteria	D				11	14	11	11	11	11
Parents Claimed Student	D	6c	6c		12	15	12	12	12	12
Federal Student Aid Receipt	D				13	16	13	13	13	13
Student Resources	D			1	14	17-20	14	14	14	14
Parents Will Claim Student	D				15	21	15	15	15	15

USAGE KEY

- | | | |
|--|----|---|
| I Identification | * | Excluded from Simple Calculation |
| T Tracking | # | Excluded for Dislocated Worker and Spouse |
| D Dependency Status | DW | Dislocated Worker Calculation Only |
| R Regular Formula & All Other Formulas Unless Designated Otherwise | + | Excluded for Displaced Homemaker |
| | DH | Displaced Homemaker Calculation Only |
| | DS | Delivery System |

A Guide to the Federal Elements on a Need Analysis Application

Section C: Household Information

PARENTS

16. What is your parents' current marital status?

- ☐ unmarried (single, divorced, or widowed)
☒ married
☐ separated

17. What is your parents' State of legal residence?

OH
 State

18. Number of family members in 1990-91 104

(Write in the total number of people that your parents will support in 1990-91. Always include yourself and your parents. Include your parents' other children and other people only if they meet the definition in the instructions on page 4.)

19. Number of college students in 1990-91 2

(Of the number in 18, write in the number of family members who will be in college at least half-time. Include yourself.)

STUDENT (& SPOUSE)

20. Number of family members in 1990-91 1

(Write in the total number of people that you will support in 1990-91. Always include yourself and your spouse. Include your other children and other people only if they meet the definition in the instructions on page 4.)

21. Number of college students in 1990-91 1

(Of the number in 20, write in the number of family members who will be in college at least half-time. Include yourself.)

Data Elements	Usage	1040	1040A	1040EZ	AFSA	ACT	CSS	CSX	PHEA	USAF
Parent(s) Marital Status	R				16	24	16	16	16	16
Parent(s) State of Legal Residence	R				17	25	17	17	17	17
Number of Family Members	R				18/20	22/26	18/20	18/20	18/20	18/20
Number of Family Members in College	R				19/21	23/27	19/21	19/21	19/21	19/21

USAGE KEY

I	Identification	*	Excluded from Simple Calculation
T	Tracking	#	Excluded for Dislocated Worker and Spouse
D	Dependency Status	DW	Dislocated Worker Calculation Only
R	Regular Formula & All Other Formulas Unless Designated Otherwise	+	Excluded for Displaced Homemaker
		DH	Displaced Homemaker Calculation Only
		DS	Delivery System

A Guide to the Federal Elements on a Need Analysis Application

Section D: 1989 income, earnings, and benefits

for income and taxes that you should exclude from questions 24 through 28)

ED's
Gillian

from

Everyone must fill out the Student
(& Spouse) column below.

PARENTS
(Check only one box.)

STUDENT (& SPOUSE)
(Check only one box.)

- ☐ a completed 1989 IRS Form 1040EZ or 1040A (Go to 23)
☒ a completed 1989 IRS Form 1040 (Go to 23)
☐ an estimated 1989 IRS Form 1040EZ or 1040A (Go to 23)
☐ an estimated 1989 IRS Form 1040 (Go to 23)
☐ a tax return will not be filed. (Skip to 26)

- ☒ a completed 1989 IRS Form 1040EZ or 1040A (Go to 23)
☐ a completed 1989 IRS Form 1040 (Go to 23)
☐ an estimated 1989 IRS Form 1040EZ or 1040A (Go to 23)
☐ an estimated 1989 IRS Form 1040 (Go to 23)
☐ a tax return will not be filed. (Skip to 26)

TAX FILERS ONLY

23. 1989 total number of exemptions (Form 1040-line 6a, or 1040A line 6a, 1040EZ filers, see instructions on pages 5 and 6) 04
24. 1989 income from IRS Form 1040-line 31, 1040A-line 13, or 1040EZ line 3, or see instructions on pages 5 and 6 \$12,500.00
25. 1989 U.S. income tax paid (Form 1040-line 47, 1040A-line 22, or 1040EZ line 7) \$ 0.00
26. 1989 income earned from work Father \$10,000.00
27. 1989 income earned from work Mother \$2,500.00
28. 1989 untaxed income and benefits (yearly totals only)
- a. Social security benefits \$13,000.00
- b. Aid to Families with Dependent Children (AFDC or ADC) \$ 0.00
- c. Child support received for all children \$ 0.00
- d. Other untaxed income and benefits from worksheet #2 on page 11 \$ 0.00

TAX FILERS ONLY

23. 00
24. \$ 1,500.00
25. \$ 6.00
- Student 26. \$1,475.00
- Spouse 27. \$ —.00
- 28.
- a. \$ 0.00
- b. \$ 0.00
- c. \$ 0.00
- d. \$ 0.00

Data Elements	Usage	1040	1040A	1040EZ	AFSA	ACT	CSS	CSX	PHEA	USAF
Tax Form Filed	R				22	28/38	22	22	22	22
Number of Exemptions Claimed	R	6E	6E		23	29/39	23	23	23	23
1989 Adjusted Gross Income (AGI)	R/#/DH	31	13	3	24	30/40	24	24	24	24
1989 Income Tax Paid	R/#/DH	47	22	7	25	31/41	25	25	25	25
1989 Income Earned Father/Student	R/#/DH	}	}	}	26	32/42	26	26	26	26
1989 Income Earned Mother/Spouse	R/#/DH	} ⁷	} ⁷	} ¹	27	33/43	27	27	27	27
1989 Untaxed Income Benefits	R/#/DH	8b/16a, b/17a,b /21a/24 /25/27 /58	8b/12c /25b		28	34-37 44-47	28	28	28	28
USAGE KEY										

- I Identification * Excluded from Simple Calculation
T Tracking # Excluded for Dislocated Worker and Spouse
D Dependency Status DW Dislocated Worker Calculation Only
R Regular Formula & All Other Formulas + Excluded for Displaced Homemaker
Unless Designated Otherwise DH Displaced Homemaker Calculation Only
DS Delivery System

A Guide to the Federal Elements on a Need Analysis Application

Section E: College Release and Certification

29. What college(s) do you plan to go to in 1990-91?

	College Name	Street Address	City	State
a.	Leland University	1000 Main Street	Lelandville	OH
b.	Belar State College	90 Chester Road	Rena	OH

30. Do you give the U.S. Dept. of Education permission to send information from this form to:

a. The financial aid agency in your State?

☒ Yes
☐ No

b. The college(s) you named in 29 (or its representative)?

☒ Yes
☐ No

31. ☐ Check this box if you give Selective Service permission to register you. (See instructions on page 6.)

Dept. of Ed Use Only
(Do not write in this box.)

--	--	--	--	--	--	--	--	--	--

32. Read and sign

Certification: All of the information on this form and the Supplemental Information page, if completed, is true and complete to the best of my knowledge. If asked by an authorized official, I agree to give proof of the information that I have given on this form and the Supplemental Information page, if completed. I realize that this proof may include a copy of my U.S., State, or local income tax return. I also realize that if I do not give proof when asked, the student may be denied aid.

Student

Student's spouse

Father

Mother

Date completed

02 / 15

Month

Day

Year

☒ 1990
☐ 1991

Data Elements	Usage	1040	1040A	1040EZ	AFSA	ACT	CSS	CSX	PHEA	USAF
College Planned Attendance	DS				29	49	29	29	29	29
Information Release	DS				30	48	30	30/31	30/31	30
Selective Service Registration	T				31	48b	31	32	32	31
Certification	DS				32	50/51	32	no #	33	32

USAGE KEY

I Identification

T Tracking

D Dependency Status

R Regular Formula & All Other Formulas

Unless Designated Otherwise

*

#

DW

+

DH

DS

Excluded from Simple Calculation

Excluded for Dislocated Worker and Spouse

Dislocated Worker Calculation Only

Excluded for Displaced Homemaker

Displaced Homemaker Calculation Only

Delivery System

A Guide to the Federal Elements on a Need Analysis Application

SUPPLEMENTAL INFORMATION

Section F: 1989 expenses

	PARENTS	STUDENT (& SPOUSE)
33. Total 1989 expenses for tuition and fees	\$ <u>1,675</u> 00	33. 1 30
34. Total 1989 expenses for room and board	\$ <u>0</u> 00	34a. \$ 30
a. Total paid by student or spouse		
b. Total paid by parents	\$ <u>0</u> 00	34b. 1 1

Section G: Asset Information

If you are completing this page, you must fill out the student (& spouse) column below.

	PARENTS	STUDENT (& SPOUSE)
35. Is either of your parents a displaced homemaker? (See the instructions on page 7.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	35. Are you, or is your spouse, a displaced homemaker? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (See the instructions on page 8)
36. Write in the age of your older parent.	<u>50</u>	
	What Is It worth today? What is owed on it?	What Is It worth today? What is owed on it?
37. Cash, savings, and checking accounts	\$ <u>1,200</u> 00 XXXXXXXXXX	37. \$ <u>500</u> 00 XXXXXXXXXX
38. Home (Renters write in "0.")	\$ <u>25,000</u> 00 \$ <u>10,000</u> 00	38. \$ <u>0</u> 00 \$ <u>0</u> 00
39. Other real estate and investments	\$ <u>0</u> 00 \$ <u>0</u> 00	39. \$ <u>0</u> 00 \$ <u>0</u> 00
40. Business and farm	\$ <u>20,000</u> 00 \$ <u>10,000</u> 00	40. \$ <u>0</u> 00 \$ <u>0</u> 00
41. Does any part of item 40 include a farm?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	41. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Data Elements	Usage	1040	1040A	1040EZ	AFSA	ACT	CSS	CSX	PHEA	USAF
Medical/Dental Expenses	R/*	Schl A			33	52/71	33	33	34	33
Elementary/Secondary Tuition Expense	R/*				34	53/72	34	34	35	34
Displaced Homemaker	DH				35	55/74	35	35	36	35
Age of Older Parent	R/*				36	56	36	36	37	36
Cash/Savings/Checking Accounts	R/*				37	57/75	37	37	38	37
Home	R/*/ #/+	Schl B			38	58/59 76/77	38	38	39	38
Other Real Estate/Investments	R/*	Schl E			39	60/61 78/79	39	39	40	39
Business/ Farm	R/*	12/ Schl C			40	62/63 80/81	40	40	41	40
Farm Included In Assets	R/*	19/ Schl F			41	64/82	41	41	42	41

USAGE KEY

I Identification	*	Excluded from Simple Calculation
T Tracking	#	Excluded for Dislocated Worker and Spouse
D Dependency Status	DW	Dislocated Worker Calculation Only
R Regular Formula & All Other Formulas Unless Designated Otherwise	+	Excluded for Displaced Homemaker
	DH	Displaced Homemaker Calculation Only
	DS	Delivery System

A Guide to the Federal Elements on a Need Analysis Application

Section H: Your veterans educational benefits per month *(for the student only)*

(If you are completing this page, you must answer question 42. If you are filling out the GRAY and the WHITE areas, you must also answer question 43.)

Expected Amount
July 1, 1990 through June 30, 1991

42. Your veterans "old" GI Bill and Dependents Educational Assistance Program benefits

a. Amount per month \$ 0 00 a month

b. Number of months 12 months

43. Your veterans' Contributions to the National AP:

a. Amount per month \$ 0 00 a month

b. Number of months 12 months

Data Elements	Usage	1040	1040A	1040EZ	AFSA	ACT	CSS	CSX	PHEA	USAF
GI Bill/DEAP Benefits	R/*				42	83/84	42	42	43	42
VEAP	R/*				43	85/86	43	43	44	43

USAGE KEY

I Identification	*	Excluded from Simple Calculation
T Tracking	#	Excluded for Dislocated Worker and Spouse
D Dependency Status	DW	Dislocated Worker Calculation Only
R Regular Formula & All Other Formulas Unless Designated Otherwise	+	Excluded for Displaced Homemaker
	DH	Displaced Homemaker Calculation Only
	DS	Delivery System

A Guide to the Federal Elements on a Need Analysis Application

Section I: Expected 1990 taxable and nontaxable income and benefits

(You must see the instructions for income and taxes that you should exclude from questions 45 through 49.)

If you are completing this page, you must fill out the student (& spouse) column below.

PARENTS		STUDENT (& SPOUSE)	
44. Is either of your parents certified as a dislocated worker by the appropriate agency? (See the instructions on page 9.)	<input type="checkbox"/> Yes (Fill out the rest of this column, and go to the student and spouse column, question 44.) <input checked="" type="checkbox"/> No (Go to the student and spouse column, question 44.)	44. Are you, or is your spouse, certified as a dislocated worker by the appropriate agency? (See the instructions on page 9.)	<input type="checkbox"/> Yes (Fill out the rest of this column.) <input checked="" type="checkbox"/> No (Skip this column, and mail the form.)
45. 1990 U.S. Income tax to be paid	\$ _____ .00	45. \$ _____ .00	
46. 1990 income earned from work Father	\$ _____ .00	Student 46. \$ _____ .00	
47. 1990 income earned from work Mother	\$ _____ .00	Spouse 47. \$ _____ .00	
48. 1990 other taxable income	\$ _____ .00	48. \$ _____ .00	
49. 1990 nontaxable income and benefits (See instructions on page 9.)	\$ _____ .00	49. \$ _____ .00	



You have finished the application. Recheck your application. **MAKE SURE THAT YOU HAVE COMPLETED SECTION E.**
 Mail the application to: Federal Student Aid Programs, P.O. Box

Data Elements	Usage	1040	1040A	1040EZ	AFSA	ACT	CSS	CSX	PHEA	USAF
Dislocated Worker	DW				44	65/87	44	44	45	44
Estimated 1990 Tax To Be Paid	DW				45	66/88	45	45	46	45
Estimated 1990 Earned Income Father/Student	DW				46	67/89	46	46	47	46
Estimated 1990 Earned Income Mother/Spouse	DW				47	68/90	47	47	48	47
Estimated Other 1990 Taxable Income	DW				48	69/91	48	48	49	48
Estimated 1990 Non-Taxable Income	DW				49	70/92	49	49	50	49

USAGE KEY

I Identification	*	Excluded from Simple Calculation
T Tracking	#	Excluded for Dislocated Worker and Spouse
D Dependency Status	DW	Dislocated Worker Calculation Only
R Regular Formula & All Other Formulas Unless Designated Otherwise	+	Excluded for Displaced Homemaker
	DH	Displaced Homemaker Calculation Only
	DS	Delivery System

Tips For Completing The Application For Federal Student Aid (AFSA) Correctly

Follow the instructions below to avoid errors in completing your Application for Federal Student Aid (AFSA).

1. Before filling out this form, be sure to read the Instruction Booklet carefully. Completing the application incorrectly will delay the processing of your form. Some questions have specific instructions printed on the application itself. Follow these directions carefully and refer to the Instruction Booklet for further explanation.
2. When filling out the Application for Federal Student Aid (AFSA), USE ONLY a pen with black or dark ink. Do not use a pencil.
3. PRINT all of your answers (except signatures) CLEARLY and LEGIBLY within the appropriate spaces.
4. If you are not certain about how to answer a particular question, first read the Instruction Booklet. If you are still not sure how to answer the question, DO NOT GUESS and DO NOT SKIP IT. Instead, call either the Public Inquiry Contractor at 1-800-333-INFO or the financial aid office at the school you will be attending. Be very specific about your questions, and try to ask all of your questions in one phone call.
5. On the Application for Federal Student Aid (AFSA) you CANNOT explain any answers. Do not write in the margins. If you feel an explanation is necessary, write or call the financial aid office at the school you will be attending.

6. If you are required to complete a particular section, **DO NOT SKIP ANY QUESTIONS** unless you are told to do so. If the question does not pertain to you, write a 0 (zero) in the space provided.
7. When filling in numbers, don't use a range of numbers, for example \$1,000-\$1,500. If you don't know the exact figure, use your best estimate based on available documents.
8. **DO NOT SEND** any worksheets, letters, tax forms or supporting documents with this form. **They will be destroyed.**
9. Keep **COPIES** of this form, and of all supporting documents used to complete the application. The school you attend may require you to provide documentation to check your answers.
10. **DO NOT SIGN THIS FORM prior to January 1, 1990.** Applications signed or dated prior to January 1, 1990 will be returned to you!
11. **DO NOT SEND A PHOTOCOPY** of this form. You may only use an original application with original signatures.
12. Send the application in the envelope provided. Do not send money.
13. Send the application by regular first class mail only. Sending the AFSA by a special mailing service (for example, registered or certified mail) will delay the processing.

Correction AFSA

The Correction AFSA is another input document. We will talk about it briefly here. There will be more discussion about the Correction AFSA in Session 6, which concentrates on corrections, recalculations, and adjustments.

The Correction AFSA is almost identical to the original AFSA, except that it is stamped "Correction," and is used to:

1. Override a student's dependency status using the Correction Application as an initial application, or after the initial application has been filed;
2. Resubmit information when the initial application was rejected due to insufficient information, or because it was signed before January 1, 1990;
3. Resubmit information when the student attempted to change dependency status using the SAR; and
4. Apply for a Special Condition calculation. (Special Conditions will be discussed in Session 6.)

Correction AFSAs may be used as initial applications for a dependency override or a Special Condition only.

Correction AFSAs are sent to the AFSA processor which transmits the data to the Central Processing System. The Central Processing System sends the results to the MDE of last transaction (or to the AFSA processor if no MDE form was filed) which then produces a SAR and sends it to the student.

MDE Dependency Override Forms

The dependency status of an applicant can also be overridden with an MDE dependency override form if the form is submitted with the original application. A dependency override form cannot be used after the initial application is sent to the MDE.

The dependency override form is not a Federal document, and not all MDEs have such forms. Trainees should communicate directly with their MDE(s) for more information about their override forms.

Request for Duplicate (RFD)

Students may request duplicate SARs by:

1. Telephoning either the MDE that produced the SAR or the Public Inquiry Contractor (PIC); or
2. Sending a letter to the MDE or the PIC; or
3. Checking the box on side 2 of a Void SAR produced when a student files more than one application with the same MDE.

If an RFD in a letter is forwarded to the wrong MDE, that MDE will send the RFD to the Central Processing System and upon receipt of the record from the CPS, the correct MDE will produce the duplicate. If the RFD on a SAR is sent to the wrong MDE, that MDE will forward it to the correct MDE.

Request for Information Transfer (RIT)

The Request for Information Transfer (RIT) is used to transfer Federal data that the applicant filed with one MDE to another. Not all MDEs participate in all aspects of the RIT process. There will be more discussion about the RIT process in Session 5. To request a transfer of Federal data, a RIT form or a SAR may be used.

Summary

This session reviewed the first stage of the Delivery System: the use of the application and other input documents. During the session, the following was established:

1. The application is the foundation of the Federal student aid Delivery System.
2. The elements on the application have specific uses.
3. There are other input documents:
 - a. Correction AFSA
 - b. MDE Dependency Override Form
 - c. Request For Duplicate (RFD) - not a form per se
 - d. Request for Information Transfer (RIT)

Changes to the Delivery System for 1990-91, that were discussed in this session:

1. Federal elements on all MDE forms are now contained in a separate Federal core, and are no longer embedded with non-Federal elements.
2. Worksheets to determine if a student should complete the entire AFSA are now on the Federal application, not in the instructions. Note that the MDE Federal core-data sections may not include the worksheets.
3. A new input document, called the Request for Information Transfer (RIT), may be used to transfer Federal data filed with one MDE to another MDE at no cost to the student.

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SESSION #4 - Need Analysis

Session Objective

•To identify the concepts which underlie need analysis, to recognize the basic elements of both the Pell Grant Formula and the Congressional Methodology, and to recognize materials and resources that are provided by the U.S. Department of Education for further study .

Sources for Further Study

- HEA, Part A, Section 411 and Part F, Sections 473-478
- A Self Instructional Course in Student Financial Aid Administration, Module 8
- SFA Handbook, Chapter 2
- The Pell Grant Formula, 1990-91
- The Congressional Methodology, 1990-91

Overview of Title IV Need Analysis

The expected family contribution is one of the three components of the need equation:

$$\begin{array}{r} \text{Cost of Attendance} \\ - \quad \text{Expected Family Contribution} \\ \hline = \quad \text{Need} \end{array}$$

The basic principles that drive need analysis are:

1. Both students and their parents have the primary responsibility for financing postsecondary educational cost to the extent they are able.

2. A family's income and assets combined provide a measure of the family's financial strength and its ability to contribute toward educational costs.
3. Other factors such as family size, extraordinary expenses, and age of the parents, should be included in determining a family's true ability to pay for an education.
4. The financial resources of students and their families must be evaluated in their present condition.

The Pell Grant Formula and the Congressional Methodology have the following in common:

1. Both require determination of dependency status as a first step.
2. Both methodologies have the same basic components. They take into account income, assets, allowances or offsets against income and assets, the size of the household, and the number of family members attending postsecondary school.
3. Both have four formula variations:
 - a. Regular analysis
 - b. Simplified analysis
 - c. Dislocated Worker analysis
 - d. Displaced Homemaker analysis
4. Both permit the financial aid administrator to use professional judgment, or discretion, to change a student's dependency status, if it is appropriate and documented.

The Pell Grant Formula and the Congressional Methodology differ in the following ways:

1. The Expected Family Contribution figures are used for different purposes:
 - a. Pell Grant Index is used to determine eligibility for Pell Grant funds.
 - b. CM is used to award other types of Federal student aid.
2. Specific values of the components used in the formulas differ. That is, although income, assets, offsets, and taxation rates are used in both methodologies, the actual figures are often not the same.
3. Except for changing dependency status, financial aid administrators may not exercise professional judgment in the Pell Grant Formula. They may, on the other hand, exercise professional judgment in CM.

Cory, The Case Study (This same narrative appeared previously in Session 3)

Cory is an eighteen-year old public high-school student who will be entering her first year in college in 1990-91. She lives in Ohio with her married parents who are both 50 years old. She has one sister who is 20 years old and is starting her junior year in college in 1990-91.

For 1989, Cory's parents filed a 1040 form on which they claimed 4 exemptions, and reported an Adjusted Gross Income of \$12,500. Cory's father earned a salary of \$10,000 in 1989, and Cory's mother earned \$2,500 for the year. Cory's mother also received \$13,000 in Social Security Benefits. They paid \$1,675 in unreimbursed medical expenses. They had no Federal tax liability.

Cory's parents have a total of \$1,200 in their checking and savings accounts. They own their mobile home, currently valued at \$25,000, on which they still owe a

mortgage of \$10,000. In addition, they own and run a family business valued at \$20,000 that has an outstanding debt of \$10,000.

After school, Cory worked part-time and earned \$1,475 for the year (1989). She also had \$25 in interest income from the \$500 she has in her savings account. She has no other assets. On her income tax return, Cory reported an Adjusted Gross Income of \$1,500 and had a Federal tax liability of \$6.

DEPENDENT STUDENT

90-91 REGULAR FORMULA

Pell Grant Formula

PARENTAL INCOME	
1. 1989 TAXED INCOME (From IRS Form 1040-line 31, 1040A-line 13, 1040EZ-line 3. For non-tax filer, add 1A and 1B.) *	\$12,500
1A. INCOME EARNED FROM WORK BY FATHER	10,000
1B. INCOME EARNED FROM WORK BY MOTHER	2,500
2. 1989 UNTAXED INCOME AND BENEFITS (Social Security Benefits, AFDC, Child Support, Other.) *	13,000
3. ONE-HALF OF STUDENT'S EXPECTED VETERANS EDUCATIONAL BENEFITS	0
4. TOTAL INCOME (Lines 1 + 2 + 3)	25,500
5. 1989 U.S. INCOME TAX PAID *	0
6. STATE TAX ALLOWANCE (See Table 1)	2,040
7. FAMILY SIZE OFFSET (See Table 2)	11,300
8. MEDICAL/DENTAL OFFSET (Enter amount that exceeds 20% of: Total income minus U.S. and State taxes.)	0
9. EMPLOYMENT EXPENSE OFFSET (Enter 50% of the lesser income from line 1A or 1B, not to exceed 1,500.)	1,250
10. TUITION OFFSET (Enter tuition paid — not to exceed total of 3,980 times children for whom tuition is paid.)	0
11. TOTAL OFFSETS (Add lines 5, 6, 7, 8, 9, 10)	14,590
12. PARENTS' DISCRETIONARY INCOME (Line 4 minus line 11. If negative, enter as a negative number.)	10,910
ASSESSMENT RATE (See Table 3)	1200 + 18% over 10,000
13. PARENTS' CONTRIBUTION FROM INCOME (If negative, enter 0.)	\$1,364

* Substitute 1990 expected taxed and untaxed income and use estimated U.S. taxes paid, if father or mother is a dislocated worker, or family qualifies for a special condition.

WORK SHEET
A

DEPENDENT STUDENT

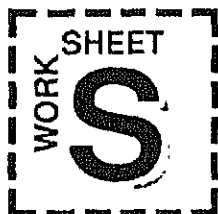
**90-91 REGULAR
FORMULA**

Pell Grant Formula

PARENTAL ASSETS	
14. NET VALUE OF HOME * (Home value minus home debt)	15,000
14A. HOME ASSET RESERVE	- 30,000
14B. AVAILABLE HOME ASSETS (Line 14 minus reserve. If negative, enter 0.)	0
15. NET VALUE OF OTHER ASSETS (Cash + checking + savings + real estate + investments minus real estate and investment debt.)	1,200
15A. OTHER ASSETS RESERVE	- 25,000
15B. AVAILABLE OTHER ASSETS (Line 15 minus reserve. If negative, enter 0.)	0
16. AVAILABLE FARM/BUSINESS ASSETS (Use Supplemental Worksheet.)	0
17. TOTAL AVAILABLE PARENTAL ASSETS (Add lines 14B, 15B, and 16.)	0
18. BASIC CONTRIBUTION FROM ASSETS (Multiply line 17 by .05. If result is negative, enter 0.)	0
19. OFFSET FOR NEGATIVE DISCRETIONARY INCOME (If line 12 is negative, enter it as a positive number, otherwise enter 0.)	0
20. PARENTS' CONTRIBUTION FROM ASSETS (Lines 18 minus line 19. If negative, enter as a positive number in 20A below, and enter 0 in box 20.)	0
20A.	
21. PARENTAL CONTRIBUTION FROM INCOME AND ASSETS (Lines 13 + 20.)	1,364
DIVIDE BY THE NUMBER OF FAMILY MEMBERS IN COLLEGE	2
22. TOTAL PARENTAL CONTRIBUTION	682

* Do not include home assets if father or mother is a

December 19, 1989 dislocated worker or a displaced homemaker.



90-91 SUPPLEMENTAL WORKSHEETS

for Farm and Business Assets, Medical/Dental Offset

Pell Grant Formula

To be used for Line 16
of Worksheets A and B *Do not use if stu-
(Regular Formula). dent is a single inde-
pendent student with
no dependents.

FARM/BUSINESS ASSETS	
A. NET FARM/BUSINESS ASSETS (Farm/business value minus farm/business debt.)	10,000
B. MAXIMUM ALLOWABLE RESERVE FOR FARM/BUSINESS ASSETS (If assets include a farm, enter \$130,000. If business asset only, enter \$110,000.)	110,000
C. HOME ASSET RESERVE USED (Enter lesser of 14 or 14A.)	15,000
D. OTHER ASSETS RESERVE USED (Enter lesser of 15 or 15A.)	1,200
E. TOTAL RESERVES USED (Add C + D.)	16,200
F. RESERVE FOR FARM/BUSINESS ASSETS (If assets include farm, use lesser of: B minus E, or \$100,000.)	(For business assets only, use lesser of: B minus E, or \$80,000.)
	80,000
G. AVAILABLE FARM/BUSINESS ASSETS (A minus F. If negative enter 0)	0

DEPENDENT STUDENT

REGULAR FORMULA
CONTINUED ...

Pell Grant Formula

STUDENT/SPOUSE INCOME	
23. 1989 TAXED INCOME (From IRS Form 1040-line 31, 1040A-line 13, 1040EZ-line 3. For non-tax filer, add 23A and 23B.) *	\$1,500
23A. INCOME EARNED FROM WORK BY STUDENT	1,475
23B. INCOME EARNED FROM WORK BY SPOUSE	—
24. 1989 UNTAXED INCOME AND BENEFITS (Social Security Benefits, Other.) *	0
25. TOTAL INCOME (Lines 23 + 24.)	1,500
26. 1989 U.S. INCOME TAX PAID *	6
27. OFFSET FOR NEGATIVE INCOME (Enter amount from 20A, if any, as a positive number.)	0
28. OFFSET TO STUDENT INCOME (Single = \$3,800, Married = \$5,500)	3,800
29. TOTAL OFFSETS (Add lines 26, 27, and 28.)	3,806
30. STUDENT'S DISCRETIONARY INCOME (Line 25 minus line 29. If negative, enter 0.)	0
ASSESSMENT RATE	X .75
31. STUDENT'S CONTRIBUTION FROM INCOME	0

* Substitute 1990 expected taxed and untaxed income if student or spouse is a dislocated worker, and use estimated U.S. taxes paid.

DEPENDENT STUDENT

REGULAR FORMULA
CONTINUED ...

Pell Grant Formula

STUDENT/SPOUSE ASSETS	
32. NET VALUE OF HOME * (Home value minus home debt)	0
33. NET VALUE OF OTHER ASSETS (Cash + checking + savings + real estate + investments minus real estate and investment debt)	500
34. NET FARM/BUSINESS ASSETS (F/B assets minus F/B debts)	0
35. TOTAL AVAILABLE STUDENT/SPOUSE ASSETS (Add lines 32 + 33 + 34.)	500
ASSESSMENT RATE	X .33
36. STUDENT'S CONTRIBUTION FROM ASSETS	165
37. PELL GRANT INDEX (Add lines 22 + 31 + 36.)	847

* Do not include home assets if student or spouse is a
dislocated worker or a displaced homemaker.

Pell Grant Formula

TABLE 1
STATE AND LOCAL TAX ALLOWANCE

STATE	PERCENT OF TOTAL INCOME		STATE	PERCENT OF TOTAL INCOME	
	\$0-14,999	\$15,000 or more		\$0-14,999	\$15,000 or more
Alabama	7%	6%	Missouri	7%	6%
Alaska	3%	2%	Montana	7%	6%
American Samoa	4%	3%	Nebraska	9%	8%
Arizona	7%	6%	Nevada	4%	3%
Arkansas	7%	6%	New Hampshire	7%	6%
California	9%	8%	New Jersey	10%	9%
Canada	9%	8%	New Mexico	5%	4%
Colorado	8%	7%	New York	14%	13%
Connecticut	8%	7%	North Carolina	9%	8%
Delaware	9%	8%	North Dakota	6%	5%
District of Columbia	11%	10%	Northern Mariana Islands	4%	3%
Federated States of Micronesia	4%	3%	Ohio	9%	8%
Florida	5%	4%	Oklahoma	7%	6%
Georgia	8%	7%	Oregon	11%	10%
Guam	4%	3%	Palau	4%	3%
Hawaii	11%	10%	Pennsylvania	9%	8%
Idaho	9%	8%	Puerto Rico	3%	2%
Illinois	8%	7%	Rhode Island	11%	10%
Indiana	7%	6%	South Carolina	9%	8%
Iowa	9%	8%	South Dakota	5%	4%
Kansas	8%	7%	Tennessee	5%	4%
Kentucky	8%	7%	Texas	4%	3%
Louisiana	4%	3%	Utah	9%	8%
Maine	10%	9%	Vermont	9%	8%
Marshall Islands	4%	3%	Virgin Islands	4%	3%
Maryland	11%	10%	Virginia	9%	8%
Massachusetts	11%	10%	Washington	6%	5%
Mexico	9%	8%	West Virginia	7%	6%
Michigan	12%	11%	Wisconsin	13%	12%
Minnesota	12%	11%	Wyoming	3%	2%
Mississippi	7%	6%	Blank or invalid State	9%	8%

Multiply Total Income by the appropriate rate from table to get the State and Other Tax Allowance. Use parent or student's State of Legal Residence.

Pell Grant Formula

TABLE 2

FAMILY SIZE OFFSETS

1	5,700
2	7,200
3	8,800
4	11,300
5	13,400
6	14,900
7 or more	14,900 <i>plus</i> <i>1,800 for each</i> <i>family member</i> <i>over 6</i>

TABLE 3

CONTRIBUTION FROM INCOME

<u>DISCRETIONARY INCOME</u>	<u>EXPECTED CONTRIBUTION</u>
\$0 - 5000	11%
\$5,001 - 10,000	\$550 + 13% of the amount over 5,000
\$10,001 - 15,000	\$1,200 + 18% of the amount over 10,000
\$15,001+	\$2,100 + 25% of the amount over 15,000

1990-91 FAMILY CONTRIBUTION FORMULA FOR A DEPENDENT STUDENT

Congressional Methodology

REGULAR WORKSHEET Page 1 of 3		A
PARENTS' INCOME		
1. Taxable Income (Fill in only one section—a or b or c)		
a. Tax Filers Only (Neither Parent is a Dislocated Worker)		
Parents' 1989 Income from U.S. Income Tax Form	a	12,500
b. Non-Tax Filers Only (Neither Parent is a Dislocated Worker)		
Father's 1989 Income earned from Work	+	<div style="border: 1px solid black; width: 100px; height: 20px; background: linear-gradient(to top right, transparent 49%, black 49%, black 51%, transparent 51%);"></div>
Mother's 1989 Income earned from Work	+	<div style="border: 1px solid black; width: 100px; height: 20px; background: linear-gradient(to top right, transparent 49%, black 49%, black 51%, transparent 51%);"></div>
Total 1989 Taxable Income	= b	<div style="border: 1px solid black; width: 100px; height: 20px; background: linear-gradient(to top right, transparent 49%, black 49%, black 51%, transparent 51%);"></div>
c. A Parent is a Dislocated Worker		
Father's Expected 1990 Income from Work	+	<div style="border: 1px solid black; width: 100px; height: 20px; background: linear-gradient(to top right, transparent 49%, black 49%, black 51%, transparent 51%);"></div>
Mother's Expected 1990 Income from Work	+	<div style="border: 1px solid black; width: 100px; height: 20px; background: linear-gradient(to top right, transparent 49%, black 49%, black 51%, transparent 51%);"></div>
Parent's 1990 Other Taxable Income	+	<div style="border: 1px solid black; width: 100px; height: 20px; background: linear-gradient(to top right, transparent 49%, black 49%, black 51%, transparent 51%);"></div>
Total 1990 Taxable Income	= c	<div style="border: 1px solid black; width: 100px; height: 20px; background: linear-gradient(to top right, transparent 49%, black 49%, black 51%, transparent 51%);"></div>
Taxable Income (from a OR b OR c)	1d	12,500
2. Untaxed Income (Fill in only one section—a or b)		
a. Neither Parent is a Dislocated Worker		
Total 1989 Untaxed Income and Benefits: (Social Security Benefits + AFDC/ADC + Child Support Received + Other Untaxed Income)		= a
		13,000
b. A Parent is a Dislocated Worker		
Expected 1990 Untaxed Income and Benefits	b	<div style="border: 1px solid black; width: 100px; height: 20px; background: linear-gradient(to top right, transparent 49%, black 49%, black 51%, transparent 51%);"></div>
Untaxed Income (amount from a OR b)	2c	13,000
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		25,500

1990-91 FAMILY CONTRIBUTION FORMULA FOR A DEPENDENT STUDENT

Congressional Methodology

REGULAR WORKSHEET Page 1 of 3		A
ALLOWANCES AGAINST PARENTS' INCOME		
1989 U.S. Income Tax Paid* (For tax filers only) Use amount reported; if negative, enter zero.	0	
State and Other Tax Allowance (Table 1)	2,040	+
Social Security Taxes:		
a. 7.51% of father's income from work, not to exceed \$3,605	751	+
b. 7.51% of mother's income from work, not to exceed \$3,605	188	+
Standard Maintenance Allowance (Table 2)	12,670	+
Employment Expense Allowance:		
(Two working parents: 35% of the lesser of the earned incomes, or \$2,200, whichever is less. One-parent families: 35% of earned income, or \$2,200, whichever is less)	875	+
Medical/Dental Expenses: (The portion that exceeds 5% of Total Income of Parents)	400	+
Elem./Jr. High/Sr. High Tuition: (The lesser of amount reported or \$3,980 multiplied by no. of dependents for whom tuition was paid)	0	+
TOTAL ALLOWANCES	16,924	=

* If using 1990 taxable income (Line 1c), also use 1990 U.S. income tax to be paid instead of 1989 U.S. income tax paid.

AVAILABLE INCOME	
Total Income	25,500
Total Allowances	- 16,924
AVAILABLE INCOME (May be a negative number)	= 8,576

1990-91 FAMILY CONTRIBUTION FORMULA FOR A DEPENDENT STUDENT

Congressional Methodology

REGULAR WORKSHEET Page 1 of 3		A
PARENTS' ASSETS - INCOME SUPPLEMENT		
Cash, Savings, and Checking		1,200
Home Value	25,000	
Home Debt	-10,000	
Net Worth of Home (If negative, enter zero)**	= 15,000	
		+ 15,000
Other Real Estate/ Investment Value	0	
Other Real Estate/ Investment Debt	- 0	
Net Worth of Other Real Estate/Investments (If negative, enter zero)	= 0	
		+ 0
Business/Farm Value	20,000	
Business/Farm Debt	- 10,000	
Net Worth of Business/Farm (If negative, enter zero)	= 10,000	
Adjusted Net Worth of Business/Farm (Calculate, using Table 3)		+ 4,000
Net Worth		= 20,200
Asset Protection Allowance (Table 4)		- 39,600
Discretionary Net Worth		= <19,400>
Asset Conversion Rate (Table 5) (Rounded to 3 decimal points)		x .028
INCOME SUPPLEMENT (May be a negative number)		= <543>

1990-91 FAMILY CONTRIBUTION FORMULA FOR A DEPENDENT STUDENT

Congressional Methodology

REGULAR WORKSHEET Page 1 of 3		A
PARENTS' CONTRIBUTION		
Available Income		8,576
Income Supplement	+	<543>
Parents' Adjusted Available Income (AAI) (May be a negative number)	=	8,033
Total Parents' Contribution from AAI (Calculate, using Table 6) →		1,767
Number In College	÷	2
PARENTS' CONTRIBUTION FOR THE STUDENT (Standard Contribution for 9-Month Enrollment) (If negative, enter zero)***	=	884

** Net worth of home is considered to be zero if either parent is a dislocated worker or a displaced homemaker.

*** To recalculate Parents' Contribution for the Student for other than 9-month enrollment, see page 3 of Regular Worksheet A

1990-91 FAMILY CONTRIBUTION FORMULA FOR A DEPENDENT STUDENT

Congressional Methodology

REGULAR WORKSHEET Page 2 of 3		A	
STUDENT/SPOUSE INCOME			
1. Taxable Income (Fill in only one section—a or b or c)			
a. Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)			
Student's and Spouse's 1989 Income from U.S. Income Tax Form	a		\$1,500
b. Non-Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)			
Student's 1989 Income earned from Work			
Spouse's 1989 Income earned from Work	+		
Total 1989 Taxable Income	= b		
c. Student or Spouse is a Dislocated Worker			
Student's Expected 1990 Income from Work			
Spouse's Expected 1990 Income from Work	+		
Student/Spouse 1990 Other Taxable Income	+		
Total 1990 Taxable Income	= c		
Taxable Income (from a OR b OR c)	1d		1,500
2. Untaxed Income (Fill in only one section—a or b)			
a. Neither Student nor Spouse is a Dislocated Worker			
1989 Social Security Benefits			
1989 Other Untaxed Income	+		
Total 1989 Untaxed Income and Benefits	= a		
b. Student or Spouse is a Dislocated Worker			
Expected 1990 Untaxed Income and Benefits	b		
Untaxed Income (amount from a OR b)	2c		0
TOTAL INCOME (Line 1d plus Line 2c) (if negative, enter zero)			1,500

1990-91 FAMILY CONTRIBUTION FORMULA FOR A DEPENDENT STUDENT

Congressional Methodology

REGULAR
WORKSHEET
Page 2 of 3

A

ALLOWANCES AGAINST STUDENT/SPOUSE INCOME

1989 U.S. Income Tax Paid * (For tax filers only) Use amount reported; if negative, enter zero.		6
State and Local Tax Allowance (Table 7)	+	75
Social Security Taxes:		
a. 7.51% of student's income from work, not to exceed \$3,605	+	111
b. 7.51% of spouse's income from work, not to exceed \$3,605	+	—
TOTAL ALLOWANCES	=	192

AVAILABLE INCOME

Total Income		1,500
Total Allowances	-	192
AVAILABLE INCOME (May be a negative number)	=	1,308

* If using 1990 taxable income (Line 1c), use 1990 U.S. income tax to be paid instead of 1989 U.S. Income Tax Paid

STUDENT CONTRIBUTION FROM INCOME

AVAILABLE INCOME		1,308
Assessment of Available Income	X	.70
Student Contribution from Available Income = a		916
Minimum Student Contribution: \$700 for first year undergraduates; \$900 for all other students	b	700
STUDENT CONTRIBUTION FROM INCOME Write the amount from Line a OR Line b, whichever is greater		916

1990-91 FAMILY CONTRIBUTION FORMULA FOR A DEPENDENT STUDENT

Congressional Methodology

REGULAR WORKSHEET Page 2 of 3		A
STUDENT/SPOUSE ASSETS - INCOME SUPPLEMENT		
Cash, Savings, and Checking		500
Home Value	_____	
Home Debt	- _____	
Net Worth of Home (If negative, enter zero) ** = _____	+	0
Other Real Estate/ Investment Value	_____	
Other Real Estate/ Investment Debt	- _____	
Net Worth of Other Real Estate/Investments (If negative, enter zero) = _____	+	0
Business/Farm Value	_____	
Business/Farm Debt	- _____	
Net Worth of Business/Farm (If negative, enter zero) = _____	+	0
Net Worth	=	500
Assessment Rate	X	.35
STUDENT INCOME SUPPLEMENT (May be a negative number)	=	175

FAMILY CONTRIBUTION	
PARENTS' CONTRIBUTION FOR STUDENT	884
STUDENT CONTRIBUTION FROM INCOME	+ 916
STUDENT INCOME SUPPLEMENT	+ 175
FAMILY CONTRIBUTION	= 1,975

** Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker.

Congressional Methodology

Table 1
State and Other Tax Allowance
for
Worksheet A (Parents Only) and Worksheet C

STATE	PERCENT OF TOTAL INCOME		STATE	PERCENT OF TOTAL INCOME	
	\$0-14,999	\$15,000 or more		\$0-14,999	\$15,000 or more
Alabama	7%	6%	Missouri	7%	6%
Alaska	3%	2%	Montana	7%	6%
American Samoa	4%	3%	Nebraska	9%	8%
Arizona	7%	6%	Nevada	4%	3%
Arkansas	7%	6%	New Hampshire	7%	6%
California	9%	8%	New Jersey	10%	9%
Canada	9%	8%	New Mexico	5%	4%
Colorado	8%	7%	New York	14%	13%
Connecticut	8%	7%	North Carolina	9%	8%
Delaware	9%	8%	North Dakota	6%	5%
District of			Northern Mariana		
Columbia	11%	10%	Islands	4%	3%
Federated States			Ohio	9%	8%
of Micronesia	4%	3%	Oklahoma	7%	6%
Florida	5%	4%	Oregon	11%	10%
Georgia	8%	7%	Palau	4%	3%
Guam	4%	3%	Pennsylvania	9%	8%
Hawaii	11%	10%	Puerto Rico	3%	2%
Idaho	9%	8%	Rhode Island	11%	10%
Illinois	8%	7%	South Carolina	9%	8%
Indiana	7%	6%	South Dakota	5%	4%
Iowa	9%	8%	Tennessee	5%	4%
Kansas	8%	7%	Texas	4%	3%
Kentucky	8%	7%	Utah	9%	8%
Louisiana	4%	3%	Vermont	9%	8%
Maine	10%	9%	Virgin Islands	4%	3%
Marshall Islands	4%	3%	Virginia	9%	8%
Maryland	11%	10%	Washington	6%	5%
Massachusetts	11%	10%	West Virginia	7%	6%
Mexico	9%	8%	Wisconsin	13%	12%
Michigan	12%	11%	Wyoming	3%	2%
Minnesota	12%	11%	Blank or invalid		
Mississippi	7%	6%	State	9%	8%

Worksheet A: Multiply Parents' Total Income (from Worksheet A, page 1) by the appropriate rate from the table above to get the State and Other Tax Allowance. Use the parents' State of legal residence reported on the application for Federal student aid. If this item is blank or invalid, use the student's State of legal residence. If both items are blank or invalid, use the State in the student's mailing address. If all three are blank or invalid, use the rate for a blank or invalid State above.

Worksheet C: Multiply Total Income of Student and Spouse (from Worksheet C) by the appropriate rate from the table above to get the State and Other Tax Allowance. Use the student's State of legal residence reported on the application for Federal student aid. If this item is blank or invalid, use the State in the student's mailing address. If both are blank or invalid, use the rate for a blank or invalid State above.

Congressional Methodology

Table 2 Standard Maintenance Allowance for Worksheet A (Parents Only) and Worksheet C					
Family size (including student)	Number in College				
	1	2	3	4	5
2	\$9,270	\$7,690	— — —	— — —	— — —
3	11,550	9,970	8,380	— — —	— — —
4	14,260	12,670	11,090	\$9,510	— — —
5	16,820	15,240	13,660	12,080	\$9,390
6	19,680	18,090	16,510	14,930	13,350
NOTE: For each additional family member, add \$2,220. For each additional college student, subtract \$1,580					

Table 3 Business/Farm Net Worth Adjustment for Worksheet A (Parents Only) and Worksheet C	
If the net worth of a business or farm is--	Then the adjusted net worth is--
Less than \$1	\$0
\$1 to \$65,000	\$0 + 40% of Net Worth
\$65,001 to \$200,000	\$26,000 + 50% of Net Worth over \$65,000
\$200,001 to \$330,000	\$93,500 + 60% of Net Worth over \$200,000
\$330,001 or more	\$171,500 + 100% of Net Worth over \$330,000

Congressional Methodology

Table 4 Asset Protection Allowance for Worksheet A (Parents Only)		
If the age of the older parent is—	And there are two parents, then the asset protection allowance is—	And there is one parent, then the asset protection allowance is—
25 or less .	0	0
26	2,000	1,500
27	4,100	3,000
28	6,100	4,500
29	8,100	6,000
30	10,200	7,500
31	12,200	9,000
32	14,200	10,500
33	16,300	12,000
34	18,300	13,500
35	20,300	15,000
36	22,400	16,500
37	24,400	18,000
38	26,400	19,500
39	28,500	21,000
40	30,500	22,500
41	31,300	23,100
42	32,100	23,500
43	33,000	24,100
44	33,800	24,500
45	34,700	25,100
46	35,600	25,800
47	36,500	26,200
48	37,400	26,900
49	38,700	27,500
50	39,600	28,200
51	40,700	28,900
52	42,000	29,600
53	43,300	30,500
54	44,400	31,200
55	45,800	32,000
56	47,200	32,900
57	48,700	33,700
58	50,200	34,600
59	52,000	35,500
60	53,600	36,500
61	55,500	37,500
62	57,200	38,600
63	59,200	39,700
64	61,300	41,000
65 or more	63,400	42,200

If age of older parent is blank, use age 45 on the table.

Congressional Methodology

Table 5
Asset Conversion Rate
for
Worksheet A (Parents Only) and Worksheet C

Discretionary Net Worth	Available Income	Rate
\$0 or greater	Any amount	12%
Less than \$0	\$0 or less	6%
Less than \$0	\$1 - \$15,999	$6\% \times \frac{(16,000 - AI)}{16,000}$
Less than \$0	\$16,000 or more	0%

NOTE: Computed rate and intermediate values should be rounded to 3 decimal points.

Table 6
Total Contribution from AAI
for
Worksheet A (Parents Only) and Worksheet C

AAI	Total Contribution from AAI
Less than -\$3,409	-\$750
-\$3,409 to \$8,300	22% of AAI
\$8,301 to \$10,400	\$1,826 + 25% of AAI over \$8,300
\$10,401 to \$12,500	\$2,351 + 29% of AAI over \$10,400
\$12,501 to \$14,600	\$2,960 + 34% of AAI over \$12,500
\$14,601 to \$16,700	\$3,674 + 40% of AAI over \$14,600
\$16,701 or more	\$4,514 + 47% of AAI over \$16,700

Congressional Methodology

Table 7

State and Local Tax Allowance

for

Worksheet A (Student Only) and Worksheet B

Alabama	3%	Missouri	3%
Alaska	0%	Montana	3%
American Samoa	0%	Nebraska	3%
Arizona	2%	Nevada	0%
Arkansas	4%	New Hampshire	2%
California	5%	New Jersey	3%
Canada	4%	New Mexico	2%
Colorado	3%	New York	8%
Connecticut	1%	North Carolina	5%
Delaware	7%	North Dakota	2%
District of		Northern Mariana	
Columbia	7%	Islands	0%
Federated States		Ohio	5%
of Micronesia	0%	Oklahoma	3%
Florida	0%	Oregon	7%
Georgia	4%	Palau	0%
Guam	0%	Pennsylvania	4%
Hawaii	6%	Puerto Rico	1%
Idaho	5%	Rhode Island	5%
Illinois	3%	South Carolina	5%
Indiana	3%	South Dakota	0%
Iowa	4%	Tennessee	0%
Kansas	3%	Texas	0%
Kentucky	4%	Utah	4%
Louisiana	1%	Vermont	4%
Maine	4%	Virgin Islands	0%
Marshall Islands	0%	Virginia	4%
Maryland	6%	Washington	0%
Massachusetts	5%	West Virginia	4%
Mexico	4%	Wisconsin	6%
Michigan	6%	Wyoming	0%
Minnesota	7%	Blank or Invalid State	4%
Mississippi	3%		

Worksheet A: Multiply Taxable Income of Student and Spouse (Worksheet A, page 2, Line 1d) by the appropriate rate from table above to get the State and Local Tax Allowance. Use the student's State of legal residence reported on the application for Federal student aid. If this item is blank or invalid, use the State in student's mailing address. If both items are blank or invalid, use the parents' State of legal residence. If all three items are blank or invalid, use rate for blank or invalid State above.

Worksheet B: Multiply Total Income of Student (Worksheet B, Line 1d + 2c) by the appropriate rate from table above to get the State and Local Tax Allowance. Use the student's State of legal residence reported on the application for Federal student aid. If this item is blank or invalid, use the State in the student's mailing address. If both items are blank or invalid, use rate for blank or invalid State above.

Summary

1. The Pell Grant Formula and Congressional Methodology (CM) are mandated by Congress to establish the ability of the student's family to pay for the student's postsecondary education.
2. Pell and CM have many principles in common, even though the specific formulas are not the same.
3. The Pell Grant Formula is used to distribute Pell Grant funds and Congressional Methodology is used to award other Title IV aid.
4. The Pell Grant Formula and CM yield the PGI and FC, respectively, using family financial data submitted on the application.

Only one change to the Delivery System affects need analysis:

1. The Student Aid Index (SAI) is now called the Pell Grant Index (PGI).

SESSION FOUR: NEED ANALYSIS QUIZ

1. Name four principles of need analysis discussed in this session.
 - a.
 - b.
 - c.
 - d.
2. The Expected Family Contribution (EFC) is a concept which applies only to the Congressional Methodology (CM) formula, not the Pell Grant Formula. True or False?
3. Name the three student categories used in the CM formulas.
 - a.
 - b.
 - c.
4. The Congressional Methodology formula is contained in the Higher Education Act, but the Pell Grant formula is not. True or False?
5. The CM Family Contribution figure is used for making awards under which programs? (Circle all that apply.)

a. Stafford Loans	e. SEOG
b. College Work - Study	f. Pell Grant
c. SSIG	g. SLS
d. Perkins Loans	

6. List the four formula variations under the Pell Grant and CM methodologies
- a.
 - b.
 - c.
 - d.
7. The term *base year* refers to: (Circle the correct answer.)
- a. the calendar year preceding the academic year (1989 for the 1990-91 academic year)
 - b. the current academic year or period of attendance
 - c. the calendar year which is 2 years before the student's enrollment (1988 for the 1990-91 academic year)
8. Complete this subtraction problem: Cost of Attendance minus Expected Family Contribution = ?
- a. cost of education
 - b. net cost of attendance
 - c. available income
 - d. need

The Title IV Need Analysis Formulas and Their Components

(Excerpted with updates from A Self-Instructional Course in Student Financial Aid Administration, Module 8, 2nd Edition, August 1987.)

The Congressional Methodology and Pell Grant Formulas: Shared Elements and Common Concepts

The Congressional Methodology and Pell Grant need analysis formulas share many of the same basic elements. The major differences involve the allowances applied against total income and the assessment rates used in the formulas. Both methodologies use different computational approaches for the dependent student and the independent student.

In each need analysis system, the end product of the formula is an **expected family contribution (EFC)**. In the case of the Pell Grant program, the expected family contribution is known as the **Pell Grant Index (PGI)**. Prior to the 1990-91 award year, it was called the **Student Aid Index (SAI)**. For the CM, the expected family contribution is referred to as the **Family Contribution (FC)**.

The PGI is always based on a 9-month enrollment figure for both dependent and independent students. In the CM, the aid administrator may not use the 9-month FC for enrollment periods of more or less than 9 months, but must recalculate the FC to reflect the number of months in the enrollment period.

The PGI is used solely to determine Pell Grant eligibility, while the FC is used for the campus-based and Stafford Loan programs. The PGI may not be used to determine eligibility for the campus-based and Stafford Loan programs.

Categories of Need Analysis Formulas

There are four need analysis formula variations set forth in the law for the Pell Grant and Congressional Methodology family contribution calculations. They are:

- Regular
- Dislocated Worker
- Displaced Homemaker
- Simplified

These formulas are applied differently based on the student's dependency status and family size. The two methodologies classify a student's spouse differently. Under CM, the spouse is considered a dependent; the Pell Grant Formula does not consider the spouse as a dependent. The chart below shows how the Pell Grant and CM formulas group students.

NEED ANALYSIS CATEGORIES	
PELL GRANT	CONGRESSIONAL METHODOLOGY
Dependent	Dependent
Single or married independent without dependents	Independent without dependents
Independent with dependents	Independent with dependents (including a spouse)

Once the aid administrator has identified the appropriate formula and need analysis category for a given student (or an alternative formula for which the student also qualifies), the corresponding worksheet from need analysis reference publications can be used to calculate a correct PGI or FC, should the aid administrator wish to do this.

How Does a Need Analysis Formula Work?

The Pell and CM need analysis formulas measure the two main components of a family's financial strength: income and assets. In general, the greater the family's income and assets, the more the family can be expected to contribute to meet the student's cost of attendance at an institution.

The Pell and CM formulas recognize that every family has basic subsistence expenses for food, shelter, and other family needs. The formulas provide offsets, based on the number of family members, to take into account these necessary expenses. The formulas also provide allowances or offsets for other items such as income tax paid and medical and dental expenses. The allowances or offsets are deducted from the total income to determine the family's discretionary or available income.

The same principle applies to assets. Assets are a significant part of a family's financial strength. The formulas begin with the family's net assets, and then provide asset reserves or a protection allowance to protect a portion of the family's net assets from assessment. The amount of net assets that remain after the reserves have been taken into account are considered the family's available assets or discretionary net worth.

The EFCs are calculated based on the family's available income and available assets. ED annually publishes in the Federal Register updated tables showing figures to be used in calculating the family contribution under the Pell Grant and CM formulas.

Income, Assets, and Allowances or Offsets

By income we mean total taxable and untaxed income. This includes:

- **adjusted gross income** (taxable income) reported on a tax return,*
- **untaxed income** reported on a tax return (deductible IRA and/or Keogh payments, earned income credit, untaxed pensions, tax exempt interest income, etc.)
- **untaxed income and benefits** such as welfare benefits (AFDC or ADC), untaxed Social Security benefits, Railroad Retirement benefits, and disability benefits, and
- **taxable income** for families that do not file a tax return such as wages, salaries, and tips, interest income, dividends, alimony, and unemployment benefits.

By assets we mean the total of:

- cash on hand
- checking and savings accounts
- home equity
- other real estate equity
- investments
- business and farm equity

*All formula calculations except the Dislocated Worker variation use base year income to assess the financial strength of the family. The base year is the calendar year prior to the award year - e.g., 1989 for award year 1990-91)

In general, the need analysis methodologies provide for allowances (offsets) against total family income for:

- maintenance (living) allowances based on household size, and
- allowances for non-discretionary annual expenses a family may have such as:
 - Federal income taxes
 - State and other taxes
 - Social Security tax (F.I.C.A.)**
 - Unusual medical/dental expenses
 - Expenses related to the employment of a working spouse or a single parent
 - Elementary and secondary tuition expenses

Allowances or offsets are also provided against a family's assets. They reduce the amount of assets used in calculating the family's contribution from assets. These allowances or offsets are intended to protect a family's assets for retirement, emergencies, and other discretionary expenses.

The details of the Congressional Methodology formula are published by the Department of Education in *The Congressional Methodology, 1990-91*, a reference publication with worksheets and case studies. MDE processors publish similar discussions of need analysis theory and computation procedures.

A discussion of the Pell Grant formula (or Family Contribution Schedule) is published by ED in *The Pell Grant Formula, 1990-91*. This publication contains Pell Grant formula worksheets and case studies.

** This allowance is only in the *Congressional Methodology*.

The Dislocated Worker Formula Variation

A dislocated worker generally meets **one** of the following criteria:

- Has been terminated or laid off or has received a notice of termination or lay-off; **OR**
- Has been terminated or has received a notice of termination as a result of permanent closure of a plant or other facility; **OR**
- Was self-employed (including farmers) but is now unemployed because of poor economic conditions in the community or a natural disaster.

Either the student, the student's spouse, or the parent may be classified as a dislocated worker, but **must** have been certified as such by the appropriate state agency. The Dislocated Worker variation of the formula uses expected year income to determine financial need and excludes home assets.

The Displaced Homemaker Formula Variation

A displaced homemaker meets **all** of the following criteria:

- Has not worked in the labor force for a substantial number of years (approximately five years or more) but has, during those years, been working in the home providing unpaid services for family members; **AND**
- Has been dependent on public assistance or on the income of another family member, but is no longer receiving that income, or is receiving public assistance because of dependent children in the home; **AND**
- Is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment. Unemployed means not working this week but being available for work and having made specific efforts to get a job sometime during the last 4 weeks. Underemployed means

working part-time, even though full-time employment is desired, because work is slack or because only part-time work is available.

The Displaced Homemaker variation of the Pell Grant and Congressional Methodology formulas excludes home assets in calculating the student's eligibility for financial assistance.

The Simplified Needs Test (SNT)

The Simplified Needs Test allows certain applicants to fill out only part of the standard financial aid application form. Based on a limited set of data, a simple need analysis is performed--a variation on the regular Pell Grant and Congressional Methodology formulas. The SNT can be used for an applicant whose family has a total adjusted gross income (or earnings in the case of non-tax filers) of \$15,000 or less and who:

- either filed an IRS 1040A or 1040EZ, or
- did not and will not file a tax return.

The only data elements used in the Simplified Need Test are:

- adjusted gross income (or earnings in the case of non-tax filers);
- untaxed income and benefits;
- Federal taxes paid;
- number of family members;
- number of family members in postsecondary education; and
- allowance for state and local taxes.

Assets are excluded from the Simplified Needs Test. Also, allowances for medical/dental expenses and elementary/secondary school tuition costs are

not deducted from income. Additionally, veterans benefits are excluded from the student's total income. Therefore, the benefits must be counted as a resource for the campus-based programs and as estimated financial assistance for the Stafford Loan program when the aid administrator is determining the financial need of the student.

A student who qualifies for the SNT need only complete Sections A through E of the application. However, if an applicant provides **only** the SNT data elements, **and** the central processing system determines that the applicant does not qualify for the SNT, the application will be rejected.

Even though students qualify for the simplified formula, it may be to their advantage to use the full data element formula. This may be the case if a family has unusual medical or dental expenses, or elementary/secondary school tuition costs. If a student who qualifies for the SNT fills out the Supplemental Information on the AFSA or on an MDE application, the processor will calculate both primary and secondary EFCs:

- **Primary EFCs.** The primary PGI and FC always appear on Parts 1 and 2 of the SAR in the upper right-hand corner. If the applicant qualifies for the SNT, the primary EFC will be from the simplified formula.

- **Secondary EFCs.** The secondary PGI and FC, if any, appear in the heading of the "School Use" box on Part 2 of the SAR. A secondary EFC is calculated with the appropriate full data element formula if the applicant qualifies for the SNT but also provided enough information for the full data element formula.

In awarding aid, the aid administrator may use **either** the primary or the secondary PGI, and **either** the primary or the secondary FC.

SESSION #5 - THE STUDENT AID REPORT (SAR)

Session Objective

•To describe the format and function of each of the three parts of the Student Aid Report (SAR), the types of SARs that may be produced, and the use of the SAR in the RIT process.

Sources for Further Study

- P. L. 99-498, The Higher Education Amendments of 1986
- Regulations, 34 CFR, Part 690
- SFA Handbook, Chapter 4
- A Self-Instructional Course in Student Financial Aid Administration, Module 10

Introduction

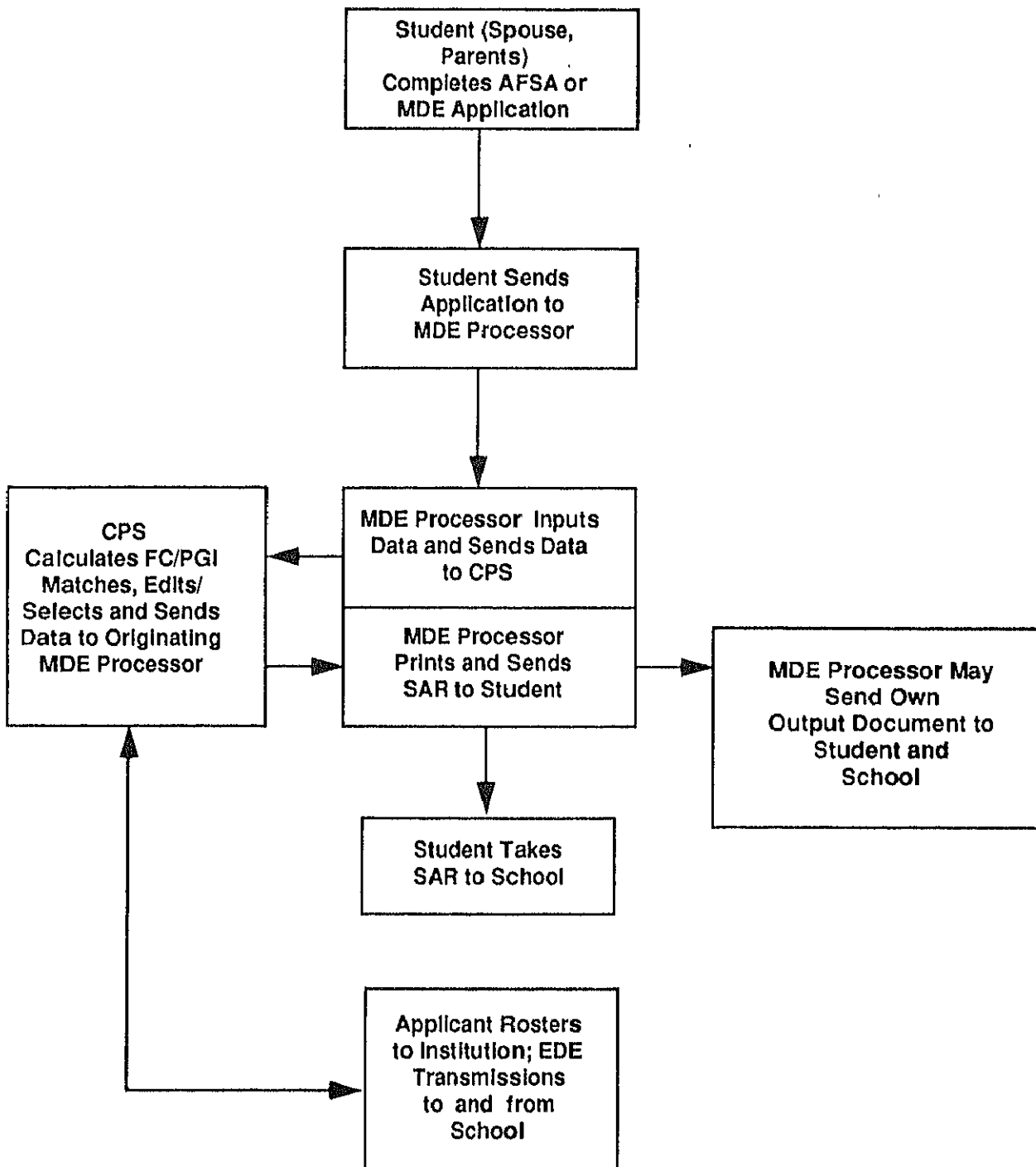
Functions of the Student Aid Report (SAR):

1. Reports the results of the processing of financial aid application data by the Central Processing System (CPS).
2. Tells the school and the student whether the student may be eligible or ineligible for a Pell Grant, or if more information needs to be provided before eligibility can be determined.
3. Serves as a mechanism by which application corrections can be made.
4. Must be maintained in the student's file as a record of eligibility for payment of a Pell Grant.

5. Contains required certifications, including the Statement of Updated Information, Statement of Educational Purpose/Statement on Refunds and Default, Statement of Registration Status, and the Anti-Drug Abuse Act Certification.

The flow chart of the 1990-91 Delivery System on the following page shows the role of the SAR in the system.

FLOW CHART OF 1990-91 TITLE IV DELIVERY SYSTEM



Trainees will receive copies of the following pages at the workshop:

Pages Five 5 - 12	Valid SAR
Pages Five 13 - 18	Rejected SAR
Pages Five 19 - 20	Void SAR

Parts of the SAR

Part One: Information Summary

Part Two: Information Review Form or Information Request Form

Part Three: Pell Grant Payment Voucher

Types of SARs

There are four types of SARs. They are:

1. Eligible
 - a. PGI equal to or less than 2,100; student may be eligible for a Pell Grant.
 - b. FC on the SAR can be used to determine eligibility for other Title IV student aid programs.
 - c. Includes the following parts:
 - 1) Information Summary
 - 2) Information Review Form
 - 3) Pell Grant Payment Voucher.
2. Ineligible
 - a. PGI greater than 2,100; student is not eligible for a Pell Grant.
 - b. FC on the SAR can be used to determine eligibility for other Title IV student aid programs.

1990-91 REJECT CODES AND REASONS

<u>Code</u>	<u>Reason</u>
1	Family does not qualify for simple needs test--must complete supplemental information
2	Pell applicant has a bachelor's degree
3	Pell applicant is a graduate student
4*	Form signed before January 1, 1990
5	Date of birth blank or invalid
6	Marital status inconsistent with expected-year wages
7*	Dependency status change on the SAR
10	Marital status and family members blank or illogical
11	Marital status inconsistent with base-year wages
12	Illegible information on form
13	Name totally blank
15	Parent's and/or student's signature missing
17	Citizenship status blank or not eligible
19	U.S.E.D. "Hold" file

* Correction application required

20*	All income questions blank and/or illegible
21-25	Negative parent income reported
26-32	Negative parent asset reported, or parent reported asset debt greater than value
35	Parent reported farm ownership, but no farm assets
41-45	Negative student income reported
46-52	Negative student asset reported or student reported asset debt greater than value
55	Student reported farm ownership, but no farm assets
A	Expected-year family income appears low
B	Independent status in question because of student's age
D	Base-year family income appears low
F	Student home debt greater than value
G	Student real estate/investment debt greater than value
M	Social Security Number blank
N	First or last name blank
P	Social Security Number invalid

* Correction application required

- T Parent or student home debt greater than value
- U Parent or student real estate/investment debt greater than value
- W Number of family members appears high

SAR, PART 1: Information Summary

Functions:

1. It tells a student whether he or she may be eligible for a Pell Grant, whether the application is void or rejected, and what to do next regardless of the type of SAR received.
2. It becomes a permanent record in eligible students' financial aid files. The school may also keep the SAR, Part 1, for ineligible students, because proof of eligibility or ineligibility for a Pell Grant is required for Stafford or SLS loan applicants.
3. It contains required certification statements which must be completed unless the school collects the certification on other documents.
4. It tells the financial aid administrator if the student has been selected for verification by ED. An asterisk after the PGI and FC indicates this status.

Information On Part 1 includes the following:

1. Pell Grant Index (PGI) and Family Contribution (FC)
 - a. Shown for both eligible and ineligible students
 - b. Appear in upper right hand corner of side 1
 - c. Simplified Needs Test filers who complete the entire application also get secondary PGI and FC
 - d. No PGI or FC appears on Rejected or Void SARs
2. General information about the SAR including the name of the MDE to which the student applied.

3. Instructions to students requesting that they check the data for accuracy:
 - a. Information Review Form is used to make corrections on either Eligible or Ineligible SARs.
 - b. Information Request Form is used to make corrections or confirm data on Rejected SARs.
 - c. Correction AFSA is used if a Void SAR results from an application which does not include income information or is signed before January 1, 1990; or if it results from a student's attempt to change dependency status using an earlier SAR.
4. Requirements and instructions on how to proceed if the student has been selected by ED for the verification process.
5. SAR information and need analysis Intermediate Compute Values appear below the solid dark line on the bottom of the SAR.
 - a. Intermediate Compute Values are not present on Rejected or Void SARs.
 - b. Six lines printed across the bottom of the SAR, Part 1 (side 1) contain summary information about the transaction.
 - 1) First line contains specific information about the SAR (batch/serial number, agency source indicator/MIDE code, application model, dependency override indicator, intermediate FC compute values, etc.).
 - 2) Second, third, and fourth lines contain the alternate FC values for periods of enrollment that are less or more than 9 months.

- 3) Fifth and sixth lines contain Intermediate Compute Values used to calculate the Pell Grant Index. Intermediate Compute Values are either calculated, using the Pell Grant Formula (e.g. discretionary income), or derived from information reported on the application (e.g. family size offset). Intermediate Compute Values are shown below:

<u>Intermediate PGI Compute Values/ Need Analysis Elements</u>		<u>Intermediate FC Compute Values</u>	
AF	- Adjusted Family Income	TPC	- Total Parent Contribution
EF	- Effective Family Income	SIC	- Student Contribution from Income
FS	- Family Size Offset	SIS	- Student Contribution from Assets
ME	- Unusual Medical Expenses		
EE	- Employment Expense Offset		
DI	- Discretionary Income		
CI	- Contribution from Income		
BA	- Business Assets		
HA	- Home and Other Assets		
CA	- Contribution from Assets		
TC	- Total Contribution		
AC	- Adjusted Contribution		
SC	- Dependent Student's Income Contribution		
CS	- Contribution from Dependent Student's Assets		

- 4) Student's original Social Security Number (or assigned Pell ID number) plus the first two characters of the last name, and the SAR transaction number are printed in the lower right hand corner of page 1. These identifiers also appear on Parts 2 and 3 of the SAR.

6. Special comments to the applicant, including assumptions about data elements made by the CPS to compute the PGI, will appear in the text.
 - a. Comments may continue on a second page of Part 1.
 - b. A partial list of these comments is shown below.

Selected Special Comments That May Appear On Part 1 Of The SAR

- This Student Aid Report (SAR) was produced by (Name of MDE) in response to the information you submitted. If you have any questions, contact your financial aid administrator for assistance.
- This SAR is VOID because the application that you submitted was incomplete and we could not determine your eligibility for Federal student financial aid. Either you did not provide enough information, or you provided only your financial information when you should also have provided your parents' information.
- Complete the enclosed Correction Application for Federal Student Aid and return it as soon as possible. Pay special attention to the questions in Section B: Student Status. Based on your answers to these questions, fill out either the blue and white areas, or the gray and white areas of the form, answering each question in every section.
- This SAR is VOID because you sent in an application that was signed before January 1, 1990. We can only accept an application signed on or after this date. Complete the enclosed correction application and return it as soon as possible.

- We could not understand some of the information you submitted. Review the items on Part 2 of your SAR that contain question marks and follow the instructions on the top of Part 2 of your SAR.
- A student financial aid application was recently submitted to us by someone from this address. No name was provided on the application or the envelope. The applicant must provide his/her full name in items 1 and 2 on Part 2 of the Student Aid Report (SAR). Any questions should be directed to the applicant's financial aid administrator (FAA) for assistance.
- **WARNING:** After you have provided the additional information we have requested, your application may be selected for a process called verification. If you are selected for verification you may be required to submit a copy of your and your parents' 1989 U.S. Income Tax Form and other documentation.
- Your application has been selected for review in a process called verification. Complete the enclosed verification worksheet and submit signed copies of your and your parents' financial documents to your FAA.
- We assumed that your parent(s) will file a 1990 U.S. Income Tax Return. If this is incorrect, contact your FAA for assistance.

SAR, PART 2

There are two versions of the SAR, Part 2:

1. Information Review Form
2. Information Request Form

The Information Review Form accompanies Eligible and Ineligible SARs. The student completes and returns the Information Review Form to the MDE if the student has made an error, or if the CPS has made an incorrect assumption.

The Information Request Form accompanies Rejected SARs. The student must complete the Information Request Form in order to be considered for a Pell Grant.

SAR, Part 2: Information Review Form

Recipients of Eligible or Ineligible SARs are asked to review the information.

1. Information as it was submitted by the student is shown in the "You told us" column.
2. If corrections are necessary, the student places changes in "The correct answer is" column.
 - a. Student signs to certify accuracy of the data and returns the SAR to the MDE that produced the SAR.
 - b. Parents must also sign if the student is dependent.
 - c. Spouse must also sign if the student is married and independent.
3. If no corrections are necessary, the student is instructed to take all parts of the SAR to the financial aid office.

SAR, Part 2: Information Request Form

Students are asked to complete Part 2 of the SAR when additional information is needed.

1. CPS cannot calculate PGI or FC because information is inconsistent or incomplete.
 - a. Questionable items appear in boldface.
 - b. Arrow may appear in "Correct?" column, directing the student to complete the "The correct answer is" column.
 - c. If the original answer is accurate, student checks the bracket in the "Correct?" column.
2. After completing Part 2, the student signs and returns the SAR to the MDE.
 - a. Parents must also sign if student is dependent.
 - b. Spouse must also sign if student is married and independent.

The corrected SAR, Part 2 (Information Review or Information Request Form) is not forwarded to the CPS but is forwarded to the MDE that produced the SAR. The MDE's address appears on the form.

Part 3: Pell Grant Payment Voucher

1. Previously called the Pell Grant Payment Document.
2. Completed by the financial aid administrator, not by the student.
3. Sent to the Pell Grant Disbursement System to report Pell Grant payments.

Request for Information Transfer (RIT)

1. The RIT is a new component of the Delivery System in 1990-91.
2. A RIT transfers Federal data filed with one MDE to another without cost to the student.
3. A new SAR is produced with each RIT.
4. There are two ways to request a transfer of information:
 - a. SAR
 - b. RIT Form (ED will supply schools with a RIT Form. Schools or MDEs may customize this form to expedite processing.)
5. SAR with RIT:
 - a. A SAR can be used to transfer Federal data to another MDE.
 - b. A RIT on a SAR is completed by the institution on Part 2, side 2, in the box labeled "School Use Only."
 - c. Each MDE that participates in the SAR or RIT Form transfer options has a distinct code to be used on the SAR or RIT Form:

MDE Codes:

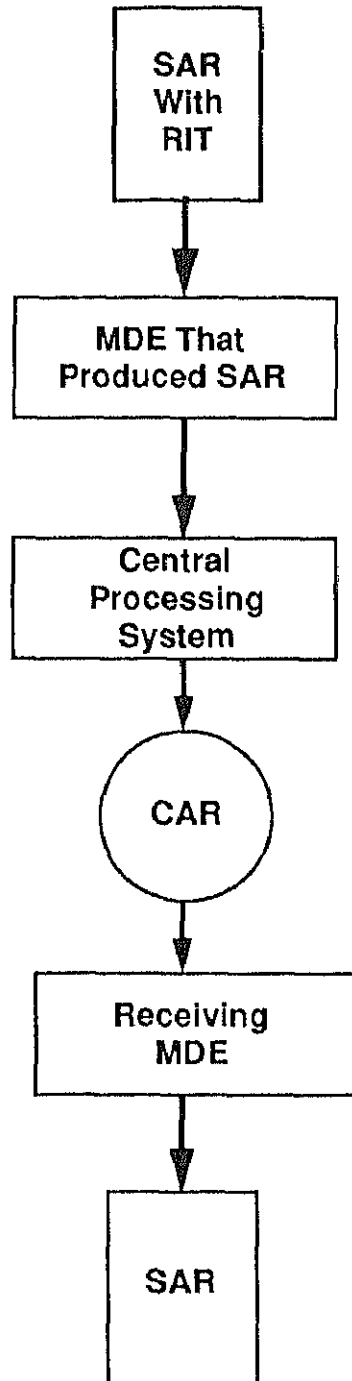
ACT	-	A
AFSA	-	B
CSX	-	X
USAF	-	U

6. RIT Form:
 - a. The student and the financial aid administrator complete and sign the RIT Form, designating the MDE that will receive the transferred data.
 - b. The form is then sent to that MDE.
7. CSS and PHEAA will not participate as recipients of data using the RIT Form and SAR options, but will process requests for a transfer of Federal data they have received to other MDEs.
8. A second MDE application results in a Void SAR when the application is from the same MDE; if the second application is from another MDE, the application acts as a RIT.

Flow charts on the following pages show what happens when a SAR or a RIT Form is used to transfer Federal applicant data filed with one MDE to another MDE.

SAR WITH A RIT

The SAR can be used to transfer Federal data to another MDE, as this flow chart shows.



CHECK THIS BOX IF YOU GIVE SELECTIVE SERVICE PERMISSION TO REGISTER YOU.

IF YOU MADE NO CHANGES

Complete the STUDENT'S USE
BOX on Part 1 of your SAR

Make all parts of your SAR
your school

IF YOU NEED ANOTHER COPY

Write to: Federal Student Aid Programs
c/o United Student Aid Funds, P.O. Box 6131
Indianapolis, Indiana 46250-6131

Include your name and social security number

IF YOU MADE CHANGES

- sign the statement to the right
- send both pages of Part 2 to:
Federal Student Aid Programs
c/o United Student Aid Funds
P.O. Box 6131
Indianapolis, Indiana 46250-
6131

CERTIFICATION

All of the information on this SAR is true and complete to the best of my knowledge. If I am asked, I agree to give proof that my information is correct. This proof might include a copy of the 1989 U.S. Income Tax Form filed by me or my family. I understand that if I purposely give false or misleading information on this SAR, I may be subject to a \$10,000 fine, a prison sentence, or both.

STUDENT _____

DATE _____

PARENT _____

DATE _____

School Use Only

FA Recalculated PGI

--	--	--	--	--

Request for Information Transfer

TI ☐

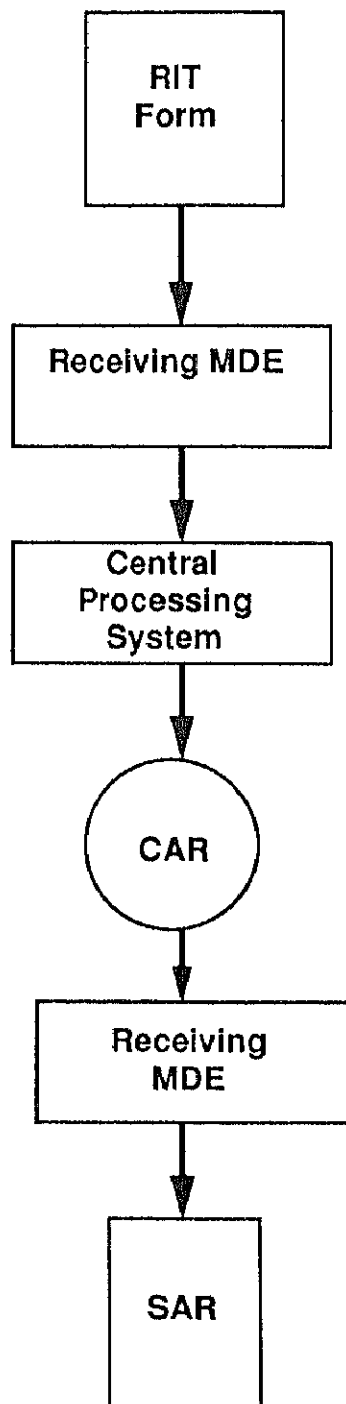
Special Condition ☐ • Pell Institution No.

--	--	--	--	--	--	--

FAA Signature: _____

RIT FORM

The Request for Information Transfer (RIT) is used to transfer an applicant's Federal data filed with one MDE to another MDE. The result of this process is a SAR. This flow chart shows how information is transferred when a RIT form is used.



Completed RIT Form

Request for Information Transfer

School Year 1990-91

FORM APPROVED
OMB NO 1840-0132
Expiration Date 12/31/91

Important: To insure that the U.S. Department of Education has your correct information to be transferred on file, mail in this form after you have submitted an application. If you have already received a Student Aid Report (SAR), use the SAR to transfer your information.

U.S. Department of Education
Student Financial
Assistance Programs



Section A: Yourself

Your name

Last First M.I.

Your permanent mailing address
(Mail will be sent to this address)

Number and Street (Include Apt. No.)
City State ZIP Code

Your social security number

☐ Check here if address change

Section B: Transfer of Federal Application Information

I request that my Federal student aid application information be forwarded to (check only one):

☐ (ACT) ☐ (CSX) ☐ (USAF) ☐ (FSAP)

Section C: Signature

Student's signature

Date completed Month Day Year ☐ 1990 ☐ 1991

Send this form to the Application Processor that you checked in Section B. See the Instructions for the list of addresses.

School Use Only - To be completed by your school

Institution Code

Transaction Number (Optional)

FAA Signature

College Name (for use only by institutions not participating in the Pell Grant Program)

Street Address

City

State

Request for Duplicate

1. To request one or more duplicate SARs, students may contact the PIC or the MDE that produced the SAR.
2. A Void SAR resulting from a second application to the same MDE contains a Request for a Duplicate SAR if a non-void record from an earlier application is on file. The CPS will tell the MDE to produce a duplicate of the last transaction on file.

MDE Institutional Output Documents

ACT - Comprehensive Financial Aid Report (CFAR)

CSS - Financial Aid Form Need Analysis Report (FAFNAR)

CSX - Application for Federal and State Student Assistance - Report (AFSSA-R)

PHEAA - Student Need Analysis Document (SNAD)

USAF- Financial Aid Institutional Report (FAIR)

Summary

During this session, we discussed the following:

1. Data from the application are sent by the MDE to the CPS.
2. The CPS performs edits and verification selection, calculates the PGI and FC along with Intermediate Values, and returns the processed information to the MDE.
3. If an MDE need analysis application was used, the MDE produces the SAR and its own output documents, if any.
4. AFSAAs are sent to the AFSA processor (CSS).
 - a. AFSA processor forwards AFSA data to the CPS.
 - b. AFSA processor produces the SAR from the processed data.
5. MDE-specific output will vary from MDE to MDE.
6. The Request for Information Transfer (RIT) is used to transfer Federal data filed with one MDE to another without additional cost to the student.

The changes to the Delivery System for 1990-91 included in this session:

1. SARs are returned to the MDE for corrections, not to the CPS.
2. The Correction AFSA is sent to the AFSA processor (CSS).
3. The Pell Grant Payment Document is now called the Pell Grant Payment Voucher.

4. Students may request a transfer of Federal data filed with one MDE to another.
5. Either the SAR or a RIT Form may be used in the Request for Information Transfer (RIT) process.

DOCUMENT QUIZ

Match the functions with the forms listed at the bottom of this page. Be aware that each form may match with more than one function and that each function can be matched with more than one form.

FUNCTION

1. Contains the Anti-Drug Abuse Act certification
2. Tells students whether or not they may be eligible for a Pell Grant
3. Used to correct information reported on the application
4. Sent to the student if insufficient information is reported on the original application
5. Used by the school to report Pell Grant disbursements
6. Contains Intermediate Compute Values
7. Requests a transfer of Federal data from one MDE to another

FORM

- A. Information Review Form: SAR, Part 2
- B. Information Summary: SAR, Part 1
- C. Void SAR
- D. RIT Form
- E. Information Request Form: SAR, Part 2
- F. Pell Grant Payment Voucher: SAR, Part 3

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SESSION #6 - CORRECTIONS, RECALCULATIONS AND ADJUSTMENTS

Session Objective

- To describe how the 1990-91 Delivery System processes corrections, recalculations, and FC adjustments.

Sources For Further Study

- P.L. 99-498, The Higher Education Amendments of 1986
 - P.L. 100-50, The Higher Education Technical Amendments Act of 1987
 - Regulations, 34 CFR, Part 668, (Verification) Part E
 - Dear Colleague # GEN-88-7, January 1988
 - A Self-Instructional Course in Student Financial Aid Administration, Module 8
 - SFA Handbook, Chapter 2
 - 1989-90 Verification Guide and 1990-91 Verification Dear Colleague letter
-

Basic Terms

1. Corrections:
 - a. Also called history corrections
 - b. Must be made when data is inaccurate
2. Recalculations:
 - a. Recomputation of the PGI or FC by the financial aid administrator

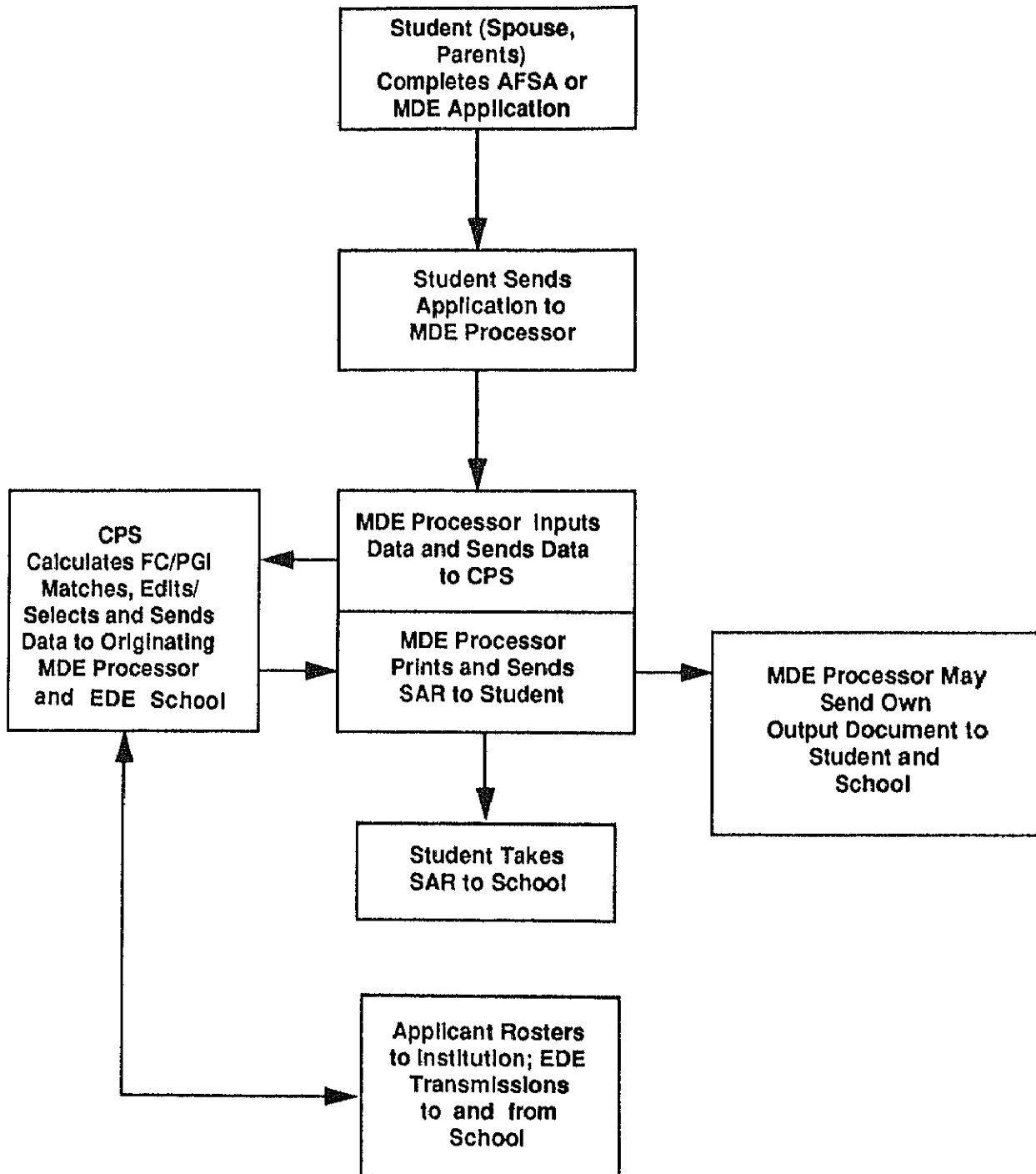
- b. Optional for the financial aid administrator to perform a PGI recalculation to make a first Pell Grant disbursement.
- 3. Adjustments:
 - a. Changes based on the financial aid administrator's professional judgment. Permitted only for campus-based and Stafford loan programs in 1990-91.
 - b. Changes made to CM FC or campus-based/Stafford Cost of attendance.
- 4. Special Conditions
 - a. A Pell Grant applicant's PGI may be calculated using expected-year income.
 - b. Special circumstances related to changes in family financial resources designated by ED.

Corrections

- 1. May or may not affect the PGI and/or FC.
- 2. May or may not alter the eligibility of the student.
- 3. Examples of history corrections which may not have an impact on the PGI or FC are changes in:
 - a. Name
 - b. Social Security Number
- 4. Examples of history corrections which may have an affect on the PGI and FC are changes in:

- a. Reported income
 - b. Assets
 - c. Household size
 - d. Number of family members in college
 - e. Medical/dental expenses
 - f. Elementary/secondary tuition
 - g. Veteran's benefits
5. Examples of history corrections which will have an affect on general eligibility are changes in:
- a. Citizenship status
 - b. Year in school
 - c. Degree status
6. Methods of making corrections include:
- a. Letters for address changes
 - b. Part 2 of the SAR for changes to the application information other than changes in dependency status
 - c. Correction AFSA for changes in dependency status

FLOW CHART OF 1990-91 TITLE IV DELIVERY SYSTEM



Scenarios#1 and #2: Incorrect Items and Incorrect Assumptions

1990-91 Student Aid Report Federal Student Aid Programs Part 2 - Information Review Form

OMB No.
Form Approved
Exp.

Processed:

PGI:

FC:

- Be sure to read the certification on the back of the following page. Do so now.
- Pay special attention to items in **BOLDFACE TYPE** ; they may need to be corrected.
- To correct an item, print the correct answer under the column marked "The correct answer is".
- Send all pages of Part 2 to make corrections. Do not attach tax or any other forms.

000-00-0000
XX-00

We asked for	You told us	The correct answer is
A. STUDENT'S INFORMATION		
1 Last Name		1
2 First Name 3. Middle Initial		2
4 Permanent Street Address		4
5 City		5
6 State 7. ZIP Code		6 State 7. ZIP Code
8 State of Legal Residence		8
9 Social Security Number		9
10 Date of Birth (MM-DD-YY)		10
11 Citizenship Status		11
12 Alien Registration #		12
13 Marital Status		13
14 Year in College in 1990-91		14
15 First Bachelor's Degree by 7-1-90?		15 <input type="checkbox"/> Yes <input type="checkbox"/> No

Scenario #1: Incorrect Data Elements on Eligible or Ineligible SAR

1. The student makes the change in the "The correct answer is" column.
2. The student sends the SAR back to the MDE that produced the SAR.
3. The MDE transmits the corrected data to the CPS.
4. The CPS reprocesses the corrected data, which may or may not change the PGI and/or FC.
5. The CPS transmits the information back to the MDE.
6. The MDE produces a revised SAR and forwards it to the student.

7. The student takes the entire SAR to the financial aid office. This includes the Information Summary, Information Review Form, and the Pell Grant Payment Voucher. (NOTE: The school does not have to have Part 2 in order to pay an eligible student.)

Scenario #2: Eligible or Ineligible SAR with Assumptions

1. Student reviews data elements in boldface type (assumed values).
2. If the assumptions are correct, the student submits the entire SAR to the financial aid office.
3. If the assumptions are incorrect, the student makes the necessary changes in the "The correct answer is" column. The student and family sign the certification statement and send the SAR back to the MDE that produced it.
4. The MDE transmits the corrected data to the Central Processing System.
5. The Central Processing System recalculates the PGI and FC and sends the processed information back to the MDE. This recalculation may or may not change the PGI and FC.
6. The MDE produces a new SAR and forwards it to the student.
7. The student takes the SAR to the financial aid office.

Scenario #3: Rejected SAR with Information Request Form

1990-91 Student Aid Report Federal Student Aid Programs Part 2 - Information Request Form

Processed:

OMB No.
Form Approved
Exp.

000-00-0000

XX-00

INSTRUCTIONS

- You must respond to ALL items in BOLDFACE TYPE before we can process your form.
- Look for brackets [] in the "Correct?" column. We had problems with these items.
 - If the information in "You told us" is correct, put a check in the brackets which appear in the "Correct?" column.
 - If the information is wrong, correct it in the "The correct answer is" column.
- Look for arrows → in the "Correct?" column. Your answer was unacceptable for the items. For these, give us a new answer in the "The correct answer is" column.
- Send all pages of Part 2 to make corrections. Do not attach tax or any other forms.

We asked for	You told us	Correct?	The correct answer is
A. STUDENT'S INFORMATION			
1. Last Name		1	
2. First Name 3. Middle Initial		2	3. M.I.
4. Permanent Street Address		4	
5. City		5	
6. State 7. ZIP Code		6	State 7. ZIP Code
8. State of Legal Residence		8	
9. Social Security Number		→ 9	
10. Date of Birth (MM-DD-YY)		10	
11. Citizenship Status		[] 11	
12. Alien Registration #		12	
13. Marital Status	BLANK	→ 13	
14. Year in College in 1990-91		14	
15. First Bachelor's Degree by 7-1-90?		15	<input type="checkbox"/> Yes <input type="checkbox"/> No

1. The student responds to the boldface items in the "We asked for" column.

- a. If an item is blank on the application, the word "Blank" is printed in the "You told us" column, and an arrow in the "Correct?" column directs the student to complete the "The correct answer is" column.

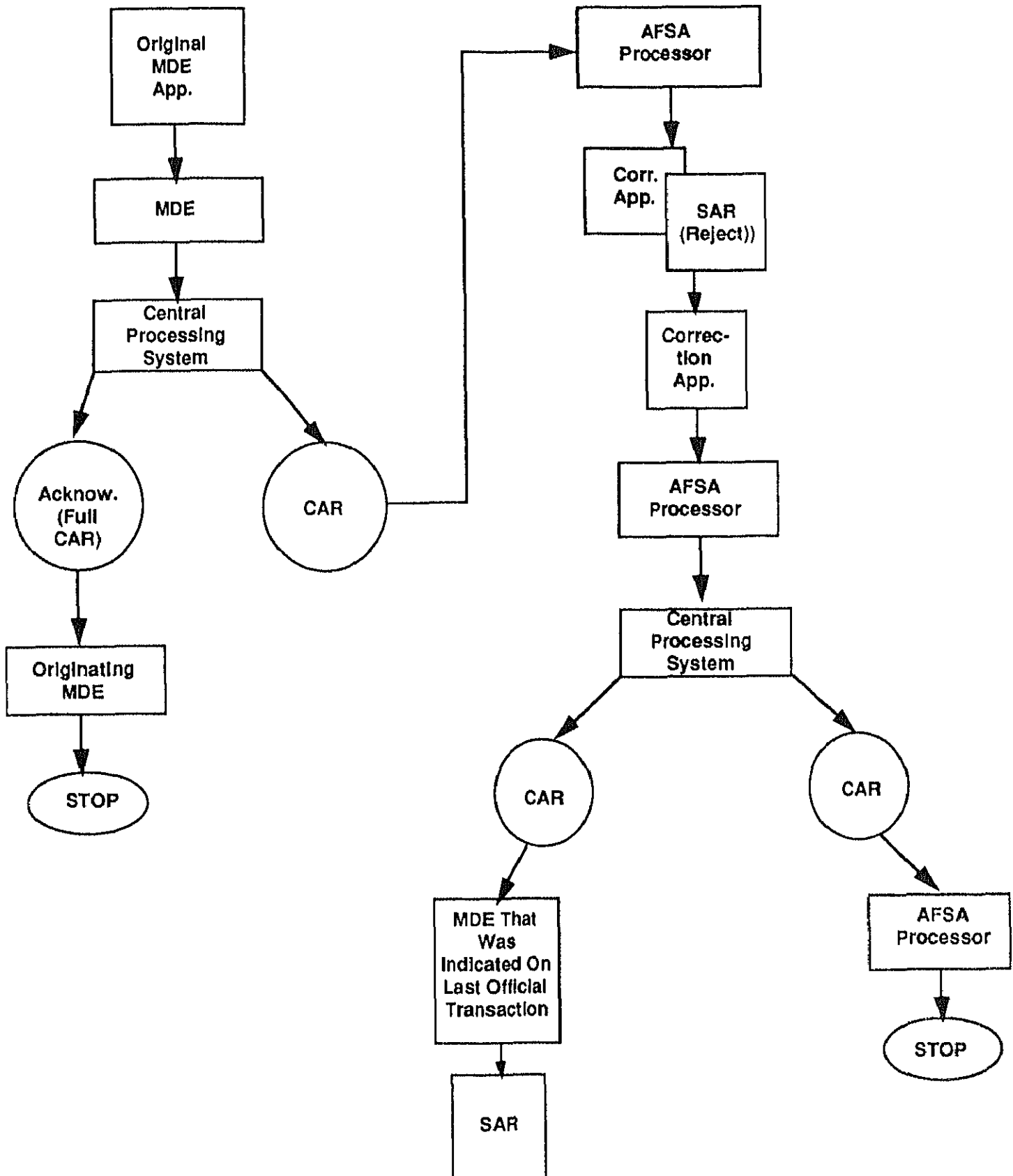
- b. If an item is not blank on the application and the original data is questionable, but can be confirmed, brackets are printed in the "Correct?" column. If the data are correct, the student places a check mark in the "Correct?" column. If the original information is incorrect, the student provides correct data in the "The correct answer is" column.
2. Student and family sign the certification statement and send the SAR back to the MDE that produced it.
3. MDE transmits corrected data to the Central Processing System.
4. CPS reprocesses student data and sends information back to the MDE.
5. MDE produces a new SAR and forwards it to the student.
6. Student takes the SAR to the financial aid office.

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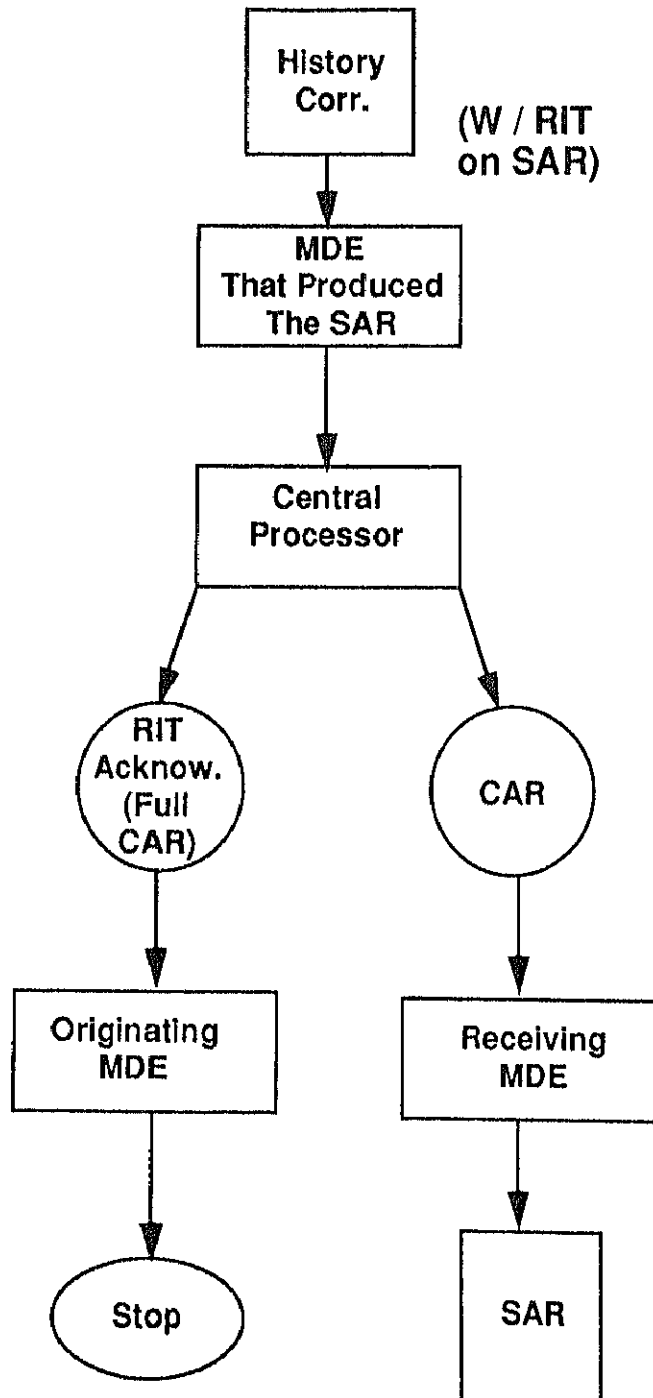
Scenario #4: Rejected SAR with Correction Application

1. Student files application with an MDE.
2. MDE transmits the student's data to the CPS.
3. CPS determines the information to be too inconsistent or incomplete for correction via an Information Request Form in a Rejected SAR.
4. CPS tells the MDE that the application was rejected, and tells the AFSA processor to send a Rejected SAR (Part 1 only) to the applicant along with a Correction Application.
5. Student sends the completed Correction Application to the AFSA processor, which enters the new data and sends it to the CPS for computation of the PGI and FC.
6. If the information is now complete and consistent, the CPS sends the Computed Applicant Record (CAR) to the MDE.
7. MDE sends a SAR to the student.
8. Student takes the SAR to the financial aid office.

Scenario # 4: Rejected SAR With Correction AFSA



Scenario # 5: SAR With RIT And History Correction



Scenario #5: SAR with RIT and History Correction

☐ CHECK THIS BOX IF YOU GIVE SELECTIVE SERVICE PERMISSION TO REGISTER YOU.

IF YOU MADE NO CHANGES

- complete the STUDENT'S USE BOX on Part 1 of your SAR
- take all parts of your SAR to your school

IF YOU MADE CHANGES

- sign the statement to the right
- send both pages of Part 2 to:
Federal Student Aid Programs
c/o United Student Aid Funds
P.O. Box 6131
Indianapolis, Indiana 46250-6131

CERTIFICATION

All of the information on this SAR is true and complete to the best of my knowledge. If I am asked, I agree to give proof that my information is correct. This proof might include a copy of the 1989 U.S. Income Tax Form filed by me or my family. I understand that if I purposely give false or misleading information on this SAR, I may be subject to a \$10,000 fine, a prison sentence, or both.

IF YOU NEED ANOTHER COPY

- write to: Federal Student Aid Programs
c/o United Student Aid Funds, P.O. Box 6131
Indianapolis, Indiana 46250-6131
- include your name and social security number

STUDENT _____

DATE _____

PARENT _____

DATE _____

School Use Only	
FAA Recalculated PGI <input type="text"/>	
Request for Information Transfer (RIT) <input type="checkbox"/>	
Special Condition <input type="checkbox"/> • Pell Institution No. <input type="text"/>	FAA Signature: _____

1. Student completes Part 2 of the SAR, including certification signature(s).
2. Financial aid administrator completes the School Use Only box on the back of SAR, Part 2, providing the code of the MDE to which information is to be transferred, the school's Pell ID number, and the aid administrator's signature.
3. SAR, Part 2, is sent to the MDE that produced the SAR.

4. MDE forwards data to the Central Processing System.
5. Central Processing System transmits corrected data to receiving MDE, which then produces a revised SAR and sends it to the student.
6. Central Processing System also forwards corrected data back to originating MDE for its records. The originating MDE does not produce a SAR.

Corrections for Title IV Funds Other Than Pell Grants

Data corrections and recalculations for the awarding of Federal funds other than Pell Grants may be handled within the financial aid office.

The financial aid administrator may have the Central Processing System recalculate the FC by sending the corrected SAR to the MDE that produced the SAR.

Verification

Verification is the process of checking the accuracy of data supplied by applicants and used to determine the PGI and FC.

Verification is required by regulation for all Title IV programs (except SLS, PLUS, and SSIG).

Corrections often result when inaccurate data is identified during the verification process.

Students are selected for verification by the CPS.

- Students filing AFSAs or CSX applications who are selected for verification receive a verification form with their SARs.
- Students filing other MDE applications may or may not receive verification forms directly from the MDE.

Schools are liable for any incorrect disbursements of funds prior to the completion of the verification process. For Pell Grants, schools must report the verification status of the Pell Grant recipient to ED through the disbursement system. More information on verification status codes and Pell disbursements will be presented during Session 7.

Study the regulations and the Verification Guide referenced on Page Six - 1 in the Trainee Guide for more information on verification.

HISTORY CORRECTION EXERCISE #1

DATA ELEMENT INCORRECTLY RECORDED

1990-91 Student Aid Report Federal Student Aid Programs Part 2 - Information Review Form

OMB No.
Form Approved
Exp.

Processed:

PGI:

FC:

000-00-0000

XX-00

- Be sure to read the certification on the back of the following page. Do so now.
- Pay special attention to items in **BOLDFACE TYPE**; they may need to be corrected.
 - To correct an item, print the correct answer under the column marked "The correct answer is".
 - Send all pages of Part 2 to make corrections. Do not attach tax or any other forms.

We asked for

You told us

The correct answer is

D. STUDENT'S 1989 INCOME AND BENEFITS

34. 1989 Tax Return Status		34	
35. Exemptions Claimed		35	
36. Income from Income Tax Form	\$	36	\$.00
37. U.S. Income Tax Paid	\$	37	\$.00
38. Student's Income Earned from Work	\$	38	\$.00
39. Spouse's Income Earned from Work	\$	39	\$.00
40. Annual Social Security Benefits	\$	40	\$.00
41. Annual AFDC/ADC	\$	41	\$.00
42. Annual Child Support Received	\$	42	\$.00
43. Other Untaxed Income	\$	43	\$.00

The student receives a SAR and, upon reviewing Part 2, the Information Review Form, notes that data elements are incorrect in the "You told us" column.

The data element changes which need to be made include:

1. Income from Income Tax Form should have been \$5,600.
2. Other Untaxed Income should have been \$2,000.

Make the changes on the SAR.

List the steps that must be taken to produce a new SAR for the student
(Hint: The flow charts will help answer this question.)

- 1.
- 2.
- 3.
- 4.
- 5.

HISTORY CORRECTION EXERCISE #2

INSUFFICIENT INFORMATION TO PERFORM CALCULATION

1990-91 Student Aid Report Federal Student Aid Programs Part 2 - Information Request Form

Processed:

OMB No.
Form Approved
Exp.

CONTINUED

Continue reviewing this form as instructed on the previous page.
Be sure to read the information on the back of this page.

000-00-0000
XX-00

We asked for	You told us	Correct?__	The correct answer is
K. PARENT'S 1989 INCOME AND BENEFITS			
80. 1989 Tax Return Status		80	
81. Exemptions Claimed		81	
82. Income from Income Tax form	\$	82	\$.00
83. U.S. Income Tax Paid	\$	83	\$.00
84. Father's Income Earned from Work	\$	84	\$.00
85. Mother's Income Earned from Work	\$	85	\$.00
86. Annual Social Security Benefits	\$	86	\$.00
87. Annual AFDC/ADC	\$	87	\$.00
88. Annual Child Support Received	\$	88	\$.00
89. Other Untaxed Income	\$	89	\$.00

The student received a SAR which stated that the information provided was insufficient to determine student eligibility for a Pell Grant. Part 1 of the SAR instructed the student to complete Part 2, the Information Request Form. The boldface items in the "We asked for" column included:

1. Annual Social Security Benefits - ????
2. Other Untaxed Income - ????

The question marks indicate that entries for these items were illegible. The amount of Social Security Benefits is \$1,500, and the Other Untaxed Income amount is \$400.

Make the appropriate entries on the SAR.

List the steps necessary to produce a new SAR.

1.

2.

3.

4.

5.

HISTORY CORRECTION EXERCISE #3

HISTORY CORRECTION WITH REQUEST FOR INFORMATION TRANSFER

1990-91 Student Aid Report Federal Student Aid Programs Part 2 - Information Review Form

OMB No.
Form Approved
Exp.

Processed:

PGI:

FC:

000-00-0000

XX-00

- Be sure to read the certification on the back of the following page. Do so now.
- Pay special attention to items in **BOLDFACE TYPE**; they may need to be corrected.
- To correct an item, print the correct answer under the column marked "The correct answer is".
- Send all pages of Part 2 to make corrections. Do not attach tax or any other forms.

We asked for

You told us

The correct answer is

D. STUDENT'S 1989 INCOME AND BENEFITS

34. 1989 Tax Return Status		34	
35. Exemptions Claimed		35	
36. Income from Income Tax Form	\$	36	\$.00
37. U.S. Income Tax Paid	\$	37	\$.00
38. Student's Income Earned from Work	\$	38	\$.00
39. Spouse's Income Earned from Work	\$	39	\$.00
40. Annual Social Security Benefits	\$	40	\$.00
41. Annual AFDC/ADC	\$	41	\$.00
42. Annual Child Support Received	\$	42	\$.00
43. Other Untaxed Income	\$	43	\$.00

School Use Only

FAA Recalculated PGI

Request for Information Transfer
(RIT) ☐

Special Condition ☐ • Pell Institution No.

FAA Signature: _____

The student wishes to submit a history correction as well as to request that his/her information be transferred to another MDE. The history correction and RIT data are as follows:

1. Student Income Earned from Work should be \$3,500.
2. Annual Child Support received should be \$800.
3. This student's information is to be sent to USAF.

Make the history corrections.

Complete the SAR in a manner that will initiate the information transfer process.

List the steps that will occur to complete the process for this student.

1.

2.

3.

4.

5.

Recalculations

Recalculations of both the PGI and the FC may be performed by the financial aid administrator.

PGI recalculations by the aid administrator in order to make an initial payment are voluntary, but if the SAR requires corrections it must be forwarded to the CPS through the MDE for reprocessing.

To make a first disbursement on a Pell Grant prior to receipt of a revised SAR, the financial aid administrator must recalculate. The school is liable for an incorrect disbursement based on the school's recalculation, or for a partial payment to a student who fails to submit a valid SAR.

To perform a recalculation, the financial aid administrator must have "official" PGI application information in one of the following formats:

1. Student Aid Report (SAR);
2. Electronic Student Aid Report (ESAR) for Electronic Data Exchange (EDE) schools.
3. Full applicant data tape (for schools receiving data through the Recipient Data Exchange).

Recalculations cannot be performed on Void or Rejected SAR data.

The purpose of recalculating the PGI is to make a first Pell Grant disbursement prior to receipt of a revised SAR.

Two outcomes can result if the financial aid administrator recalculates the PGI before the SAR is reprocessed:

1. The recalculation does not change the dollar amount of the award. In this case, the Pell Grant award can be disbursed according to standard procedures.
2. The recalculation does change the dollar amount of the award. In this case, the aid administrator may make an initial payment before the reprocessed SAR is received.

The financial aid administrator who decides to recalculate the PGI follows the procedures outline below:

1. Student makes all corrections; appropriate student and family signatures are provided on Part 2.
2. Financial aid administrator recalculates PGI.

School Use Only		
FAA Recalculated PGI	<input type="text"/>	
Request for Information Transfer (RIT)	<input type="checkbox"/>	
Special Condition	<input type="checkbox"/>	Pell Institution No. <input type="text"/> FAA Signature: _____

3. Financial aid administrator reports the recalculated figure in the financial aid administrator Recalculated PGI box in the School Use Only section of the SAR.

4. Financial aid administrator signs the form and enters the Pell Institution Number.
5. SAR is forwarded to the MDE that produced it.

The school is liable for any incorrect Pell disbursements made on a recalculated PGI prior to receipt of a valid SAR.

Unless the recalculation does not result in a dollar change in the award, the corrected SAR must be sent to the CPS through the MDE.

Recalculation of the FC by the Central Processing System is not required.

Note: SARs produced as a result of recalculated PGIs will include an FC based on the correct data.

RECALCULATION EXERCISE

The financial aid administrator has identified corrections which must be made on the student's SAR. It is school policy to make an initial disbursement without a reprocessed SAR. All corrections have been made on the SAR with all required signatures provided by the student and family.

1. The recalculated PGI is 301, and the dollar amount of the award does not change. Complete the appropriate boxes on the form below to report the recalculation.

School Use Only		
FAA Recalculated PGI	<input type="text"/>	
Request for Information Transfer (RIT)	<input type="checkbox"/>	
Special Condition	<input type="checkbox"/> • Pell Institution No.	FAA Signature: _____

2. The recalculated PGI is 559, and the dollar amount of the award has changed. Complete the appropriate boxes on the form below to report the recalculation.

School Use Only		
FAA Recalculated PGI	<input type="text"/>	
Request for Information Transfer (RIT)	<input type="checkbox"/>	
Special Condition	<input type="checkbox"/> • Pell Institution No.	FAA Signature: _____

3. All corrections have been made on the SAR, but the financial aid administrator chooses not to recalculate. In the space below, explain what the school must do before it may disburse the Pell Grant.

Adjustments

Adjustments differ from corrections and recalculations.

- Corrections are made when applicant information is inaccurate and must be changed. Financial aid administrators may recalculate the PGI and FC using corrected information.
- The term "adjustments" refers to the financial aid administrator's authority to change the FC when the applicant information is correct, but does not properly reflect the family's ability to pay for educational costs. Adjustments may also be made to the cost of attendance if, in the financial aid administrator's professional judgment, the student's expenses justifiably deviate from a standard budget.

History of the Adjustment Authority

Prior to the Higher Education Amendments of 1986, the authority to make professional judgment adjustments to the family contribution or cost of attendance applied only to the campus-based and guaranteed loan programs. The 1986 Amendments extended this authority to all Title IV programs, including Pell Grants. Beginning with the 1989-90 award year, and again for the 1990-91 award year, appropriation legislation rescinded the professional judgment authority for the Pell Grant Program only. Instead of making a discretionary adjustment in a student's Pell Grant Index calculation, the financial aid administrator may use expected-year income instead of base-year income if a student qualifies under certain "Special Conditions" specified by ED.

In the 1990-91 award year, financial aid administrators may continue to use professional judgment in changing the Congressional Methodology's FC or the cost of attendance for the campus-based and guaranteed loan programs.

Principles for Adjustments

1. Adjustments cannot be made across the board, but must be made on a case-by-case, student-by-student basis.
2. Adjustments can only be made when data are correct. This means that an adjustment cannot be made:
 - a. To data on a Void or Rejected SAR, or
 - b. Before required verification is completed.
3. Adjustments must be supported by documentation which justifies the financial aid administrator's decision.

Adjustments to the FC fall into the following categories:

1. Adjustments to the individual data elements, such as changing taxable income;
2. Adjustments to the methodology itself, such as changing the income assessment rate; and
3. Adjustments to the end product; that is, changing the FC.

The school also has the authority to adjust the cost of attendance, if appropriate.

Special Conditions for Pell Grants

Congress has passed appropriations legislation that does not allow individual adjustments in the Pell Grant Program in the 1990-91 award year. However, legislation does permit the Department of Education to define a set of "Special Conditions" whereby estimated-year income, instead of base-year income, may be used in the Pell Grant Formula for parents of dependent students and

SPECIAL CONDITIONS

The categories of special conditions and descriptions of each category appear below.

<u>Special Conditions</u>	<u>Dependent</u>	<u>Independent</u>
Loss of employment	One of the student's parents (or a stepparent) earned money in 1989, but has lost his or her job for at least 10 weeks in 1990.	<p>The student worked full-time (at least 35 hours a week) for at least 30 weeks in 1989, but is not working full-time now. (Does not apply to the student's spouse.)</p> <p>The student's spouse earned money in 1989, but has lost his or her job for at least 10 weeks in 1990.</p>
Loss of earnings due to disability or natural disaster	One of the student's parents earned money in 1989, but has not been able to earn money in his or her usual way for at least 10 weeks in 1990. This must have been because of either a disability or a natural disaster that happened in 1989 or 1990.	The student (or spouse) earned money in 1989 but has not been able to earn money in the usual way for at least 10 weeks in 1990. This must have been because of either a disability or a natural disaster that happened in 1989 or 1990.

Loss of untaxed income or benefit	One of the student's parents received unemployment compensation or some untaxed income or benefit in 1989, but has completely lost that income or benefit for at least 10 weeks in 1990. The untaxed income or benefit must have been paid by a public or private agency, or from a company, or from a person because of a court order.	The student (or spouse) received unemployment compensation or some untaxed income or benefit in 1989, but has completely lost that income or benefit for at least 10 weeks in 1990. The untaxed income or benefit must be from a public or private agency, from a company, or from a person because of a court order.
Separation or divorce	The student has already applied for Federal student aid, but his or her parents have separated or divorced since that time.	The student has already applied for Federal aid, but has separated or been widowed or divorced since that time.
Death	The student has already applied for Federal student aid, but since that time, one of the student's parents has died.	The student has already applied for Federal student aid as a dependent student, but, since that time, the student's last surviving parent has died.

Either the Correction Application or a SAR may be used to apply for a Special Condition calculation. However, if the Special Condition changes the student's dependency status, the Correction Application must be used.

1. If using the Correction Application, the applicant completes the entire application, including both base year income and estimated year information for the student and for the parent(s) of a dependent student. Section I contains the estimated year data questions, as well as a question on Dislocated Worker status, which must be answered correctly. Parents of a dependent student must also sign the application.
 - a. The financial aid administrator checks the Special Condition box and signs as indicated in the School Use box.

Dept. of Ed Use Only (Do not write in this box.)		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
School Use Only							
Dependency Override: enter D or I						<input type="checkbox"/>	
Special Condition: check box						<input type="checkbox"/>	
Pell Institution No.						<input type="checkbox"/>	<input type="checkbox"/>
FAA Signature: _____							

- b. The Correction AFSA is forwarded to the AFSA processor -- not to any other MDE.
 - c. The AFSA processor transmits the data to the Central Processing System.
 - d. The CPS recalculates and then transmits the processed data to the MDE of last transaction.
 - e. The MDE produces the SAR and forwards it to the student.

- a. The financial aid administrator checks the Special Condition box, enters the school's Pell ID number, and signs in the School Use box.
- b. The student forwards the SAR to the MDE that produced it. After processing of the data by the CPS, the MDE sends the student a SAR based on the Special Condition data.

School Use Only		
FAA Recalculated PGI <table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"></table>		
Request for Information Transfer (RIT) <input type="checkbox"/>		
Special Condition <input type="checkbox"/> • Pell Institution No. <table border="1" style="display: inline-table; width: 100px; height: 20px; vertical-align: middle;"></table>	FAA Signature: _____	

Summary

During Session 6, we have discussed the following information:

1. Corrections are made when the student's application contains inaccurate data.
 - a. Corrections may or may not have an affect on the student's EFC or program eligibility.
 - b. Corrections may be transmitted by letter, SAR, or Correction AFSA, depending on the data elements being changed.
2. Recalculations are performed when data elements affecting the EFC are incorrect.
 - a. For the Pell Grant Program, recalculations may be performed by the financial aid administrator prior to sending the corrected SAR to the CPS through the MDE for reprocessing.
 - 1) The initial Pell disbursement may be made based on the recalculation.
 - 2) The school retains liability if the recalculation is in error or a corrected valid SAR is not submitted by the student.
 - b. Recalculations need not be performed by the CPS if the dollar amount of the Pell Grant does not change.
 - c. For awards under the Title IV programs that use CM, recalculations do not have to be reported to the CPS. Recalculations may be performed by the financial aid administrator, a need analysis servicer, or by the CPS.

3. Adjustments may be made on the basis of the financial aid administrator's professional judgment.
 - a. They must be based on accurate information.
 - b. Adjustments cannot be made across the board, but only on a case-by-case basis.
 - c. Adjustments must be carefully documented.
 - d. In the 1990-91 award year, adjustments will not be permitted for the Pell Grant program. Students may qualify for a Special Conditions calculation using expected year income.

We have discussed the following changes to the 1990-91 delivery system.

1. Recalculations are submitted to the MDE on the SAR.
 - a. The MDE forwards data received to the CPS for reprocessing.
 - b. The CPS transmits reprocessed data back to the MDE.
 - c. The MDE then produces a revised SAR.
2. SAR may be used as a RIT with history correction.

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SESSION #7 - PELL DISBURSEMENTS

Session Objective

•To describe the Pell Grant disbursement process, including completion of the Pell Grant Payment Voucher and Institutional Payment Summary.

Sources for Further Study

- Regulations, 34 CFR, Part 690
- SFA Handbook, Chapter 4
- A Self Instructional Course in Student Financial Aid Administration, Modules 10 and 14
- Payment Management System Users Guide
- Blue Book

Introduction

The disbursement system is the means by which financial aid funds reach eligible students.

1. Funds are drawn down as needed from the ED Payment Management System (ED/PMS) for Pell Grant and campus-based programs, up to authorized levels of expenditure.
2. ED/PMS has three major functions, which are:
 - a. to expedite the flow of cash;
 - b. to transmit institutional disbursement data; and

- c. to manage cash advances.
3. The awarding process starts when ED sends the authorization levels to schools and ED/PMS.

For the Pell Grant program, schools receive funds according to the number of eligible Pell Grant recipients enrolled and disburse these funds according to specific regulatory requirements.

For Campus-based programs, schools disburse funds at times determined by the schools themselves, consistent with regulations.

1. Authorization levels for campus-based programs are determined by statutory formulas and the information reported on the Fiscal Operations Report and Application to Participate (FISAP).

For Stafford and SLS Loan programs, the loans are not limited by institutional allocations and do not require schools to draw down funds from ED; funds payable to students are sent to schools by lenders.

Overview of Pell Grant Payment System

1. Pell Grant authorization is the maximum amount that the school may draw down from ED/PMS in an award year.
2. Statement of Account serves as letter of authorization.
3. Initial authorization is provided by ED to cover first Pell Grant payments.
4. Additional Statements of Account reflect adjusted authorization levels based on requirements reflected in Pell Grant Payment Vouchers submitted for eligible students.

A copy of a Statement of Account appears on the following page.



U.S. DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION
OFFICE OF STUDENT FINANCIAL ASSISTANCE

1989-90 AWARD YEAR
PELL GRANT PROGRAM
STATEMENT OF ACCOUNT

TEST SCHOOL INSTITUTE

BALTIMORE

MD 21217

Pell Institution Number 000003

Entity Number 1630438598A1

Document Number P063P90209

1. General Information

Previous Authorization	\$0	FMS Funding Method	CASH REQUEST
Pell Grant Authorization	\$10,000	Date of This Authorization	05/20/89
Adjustment (Increase + or Decrease -)	\$10,000+	Closing Date of Last Statement	-
Unexpended Balance as of Closing Date	\$10,000+	Closing Date of This Statement	07/01/89
Administrative Allowance		Total Unduplicated Recipients Year-to-Date	0

This Statement of Account shows you the status of your account for the Pell Grant Program for the award year shown above. This Statement of Account reflects your authority to make payments to eligible students who have a valid Student Aid Report (SAR). You may only make payments up to the amount given in the line labeled "Pell Grant Authorization" above.

Your authority to make payments is governed by the pertinent laws, applicable regulations, and your institutional agreement with the Department of Education. Changes in your Pell Grant Authorization are based on the Payment Documents you send in for students who are attending your school. If you do not comply with Program reporting requirements, we may withhold further funds.

2. Summary of Your Payment Reporting

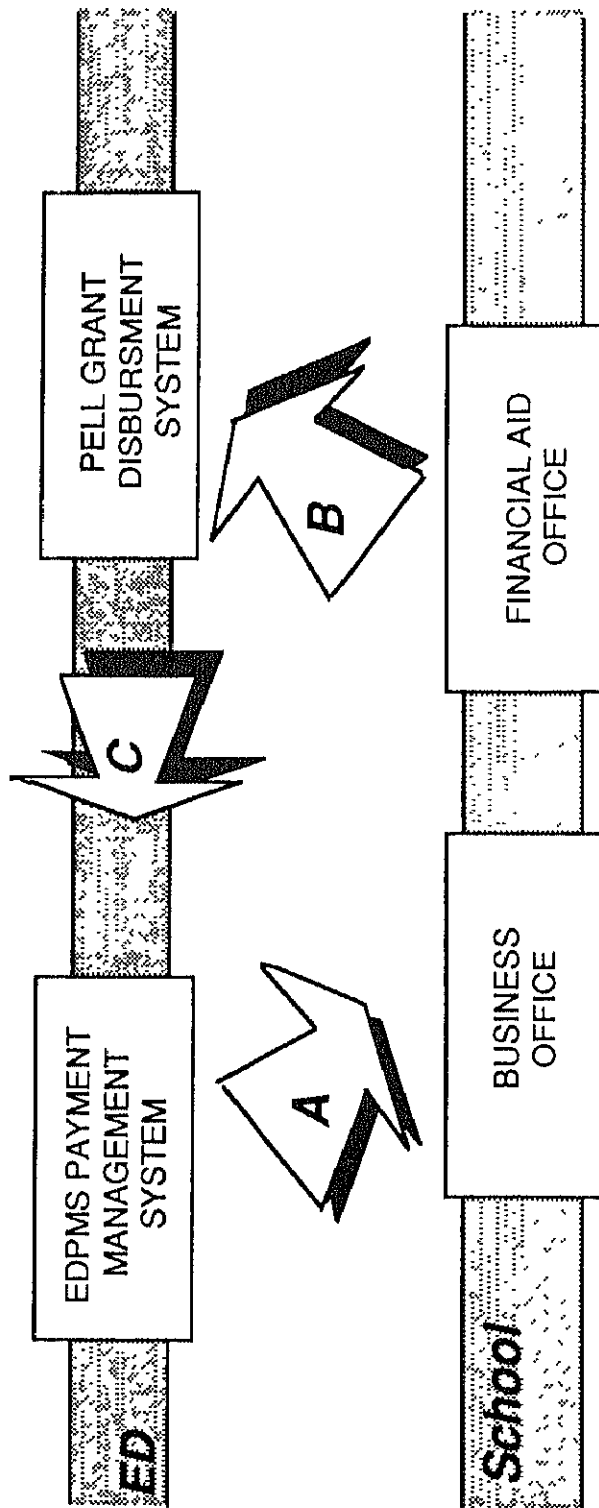
<u>IPS Date</u> (Item 16 of your IPS)	<u>Net Adjustment</u> (Item 6 from your IPS Batch Report)
--	---

3. Distribution of Your Payments

<u>Month</u>	<u>Amount</u>	<u>Cumulative Amount</u>
--------------	---------------	------------------------------

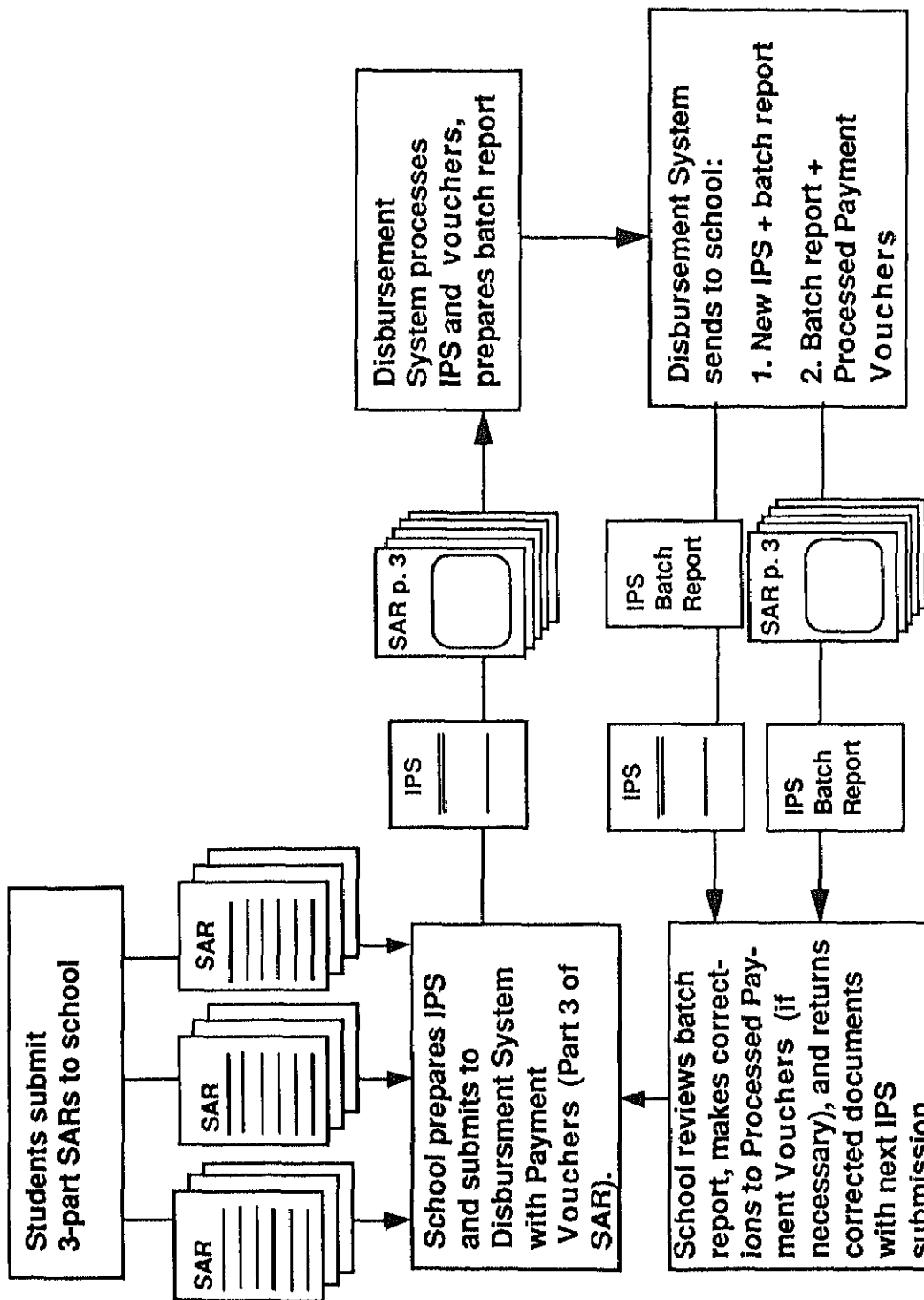
Review this Statement carefully. Please notify the Pell Grant Program if there are problems with this account.

PELL GRANT AUTHORIZATION



- | | |
|----------|--|
| A | Business office draws down funds from EDPMS based on initial authorization, pays Pell awards to students |
| B | Financial aid office reports student payment data to disbursement system, using Part 3 of SAR |
| C | Data from disbursement system is used to adjust school's authorization for future funds |

PELL PAYMENT VOUCHER PROCESSING PATH



Pell Grant Payment Voucher

1. The basic document in the Pell Grant disbursement system is Part 3 of the SAR, called the Payment Voucher.
 - a. After the student submits the SAR to the school, the school completes award information on Part 3, side 2.
 - b. The school periodically sends Payment Vouchers to ED in a batch with a transmittal form called the Institutional Payment Summary (IPS).
 - c. ED returns a printed version called the Processed Payment Voucher.
 - d. Changes in disbursements for individual students are reported by resubmitting Processed Payment Vouchers.
 - e. Payment Vouchers were formerly called Payment Documents.
2. Schools may disburse Pell Grants only to students who submit valid Pell Grant Payment Vouchers.
3. Schools may make first disbursements based on the financial aid administrator's recalculation or an official CPS-computed PGI from a SAR, or full ED applicant data tape or roster.

PRIL PAYMENT SCHEDULE AWARD SIMULATOR PROGRAM

FULL-TIME SCHEDULE

FULLY FUNDED SCHEDULE WITH MAXIMUM AWARD OF 2200 AND A MINIMUM FULL-TIME AWARD OF 200

COST RANGE			SAL RANGES																				
			0	100	200	300	400	500	600	700	800	900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000
0 to 99	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
100 to 199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200 to 299	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
300 to 399	210	210	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400 to 499	270	270	270	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500 to 599	330	330	330	300	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600 to 699	390	390	390	390	300	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700 to 799	450	450	450	450	400	300	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800 to 899	510	510	510	510	500	400	300	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900 to 999	570	570	570	570	570	500	400	300	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1000 to 1099	630	630	630	630	630	600	500	400	300	200	0	0	0	0	0	0	0	0	0	0	0	0	0
1100 to 1199	690	690	690	690	690	690	600	500	400	300	200	0	0	0	0	0	0	0	0	0	0	0	0
1200 to 1299	750	750	750	750	750	750	700	600	500	400	300	200	0	0	0	0	0	0	0	0	0	0	0
1300 to 1399	810	810	810	810	810	810	800	700	600	500	400	300	200	0	0	0	0	0	0	0	0	0	0
1400 to 1499	870	870	870	870	870	870	870	800	700	600	500	400	300	200	0	0	0	0	0	0	0	0	0
1500 to 1599	930	930	930	930	930	930	930	900	800	700	600	500	400	300	200	0	0	0	0	0	0	0	0
1600 to 1699	990	990	990	990	990	990	990	990	900	800	700	600	500	400	300	200	0	0	0	0	0	0	0
1700 to 1799	1050	1050	1050	1050	1050	1050	1050	1050	1000	900	800	700	600	500	400	300	200	0	0	0	0	0	0
1800 to 1899	1110	1110	1110	1110	1110	1110	1110	1110	1100	1000	900	800	700	600	500	400	300	200	0	0	0	0	0
1900 to 1999	1170	1170	1170	1170	1170	1170	1170	1170	1170	1100	1000	900	800	700	600	500	400	300	200	0	0	0	0
2000 to 2099	1230	1230	1230	1230	1230	1230	1230	1230	1230	1200	1100	1000	900	800	700	600	500	400	300	200	200	0	0
2100 to 2199	1290	1290	1290	1290	1290	1290	1290	1290	1290	1290	1200	1100	1000	900	800	700	600	500	400	300	300	200	100
2200 to 2299	1350	1350	1350	1350	1350	1350	1350	1350	1350	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250	150
2300 to 2399	1410	1410	1410	1410	1410	1410	1410	1410	1410	1410	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250
2400 to 2499	1470	1470	1470	1470	1470	1470	1470	1470	1470	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250
2500 to 2599	1530	1530	1530	1530	1530	1530	1530	1530	1530	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250
2600 to 2699	1590	1590	1590	1590	1590	1590	1590	1590	1550	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250
2700 to 2799	1650	1650	1650	1650	1650	1650	1650	1650	1550	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250
2800 to 2899	1710	1710	1710	1710	1710	1710	1650	1550	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250	150
2900 to 2999	1770	1770	1770	1770	1770	1750	1650	1550	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250	150
3000 to 3099	1830	1830	1830	1830	1830	1750	1650	1550	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250	150
3100 to 3199	1890	1890	1890	1890	1850	1750	1650	1550	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250	150
3200 to 3299	1950	1950	1950	1950	1850	1750	1650	1550	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250	150
3300 to 3399	2010	2010	2010	1950	1850	1750	1650	1550	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250	150
3400 to 3499	2070	2070	2050	1950	1850	1750	1650	1550	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250	150
3500 to 3599	2130	2130	2050	1950	1850	1750	1650	1550	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250	150
3600 to 3699	2190	2150	2050	1950	1850	1750	1650	1550	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250	150
3700 +	2200	2150	2050	1950	1850	1750	1650	1550	1450	1350	1250	1150	1050	950	850	750	650	550	450	350	350	250	150



PELL GRANTS

1989-90 AWARD YEAR

PLEASE READ INSTRUCTIONS BEFORE COMPLETING THIS FORM

FORM APPROVED
OMB NO 1940-0540
Expiration Date
April 1991

SECTION I GENERAL INFORMATION (Complete only if information below is incomplete or incorrect)

1. Pell Inst No. 000003
2. Entity No. 1630438598A1
3. Institution NAME and ADDRESS
TEST SCHOOL INSTITUTE
BALTIMORE MD 21217
4. Type of Institution: 1 ☐ Less than one year 2 ☐ One year but less than two years 3 ☐ Two years but less than three years
1-YEAR 4 ☐ Three years but less than four years 5 ☐ Four Years (baccalaureate degree only) 6 ☐ Five years or more
5. Financial Control: 1 ☐ Public 2 ☐ Private, nonprofit 3 ☐ Proprietary
PROPRIETARY
6. 1989-90 Undergraduate Enrollment: A Full-time B Part-time (at least half-time)
7. Academic Calendar: 1 ☐ Credit hour (non-standard term) 2 ☐ Quarter 3 ☐ Semester
CLOCK HOUR 4 ☐ Trimester 5 ☐ Clock hour
8. Standard Cost of Attendance (per Undergraduate Student):
- | | Total | Tuition and Fees | Room/Board/
Books/Misc | Child Care |
|-------|-------|------------------|---------------------------|------------|
| A. \$ | | | | |
| B. \$ | | | | |
| C. \$ | | | | |
| D. \$ | | | | |
| E. \$ | | | | |
| F. \$ | | | | |
| G. \$ | | | | |
| H. \$ | | | | |
| I. \$ | | | | |
| J. \$ | | | | |
9. Hours in school academic year (Clock hour; non-standard term credit hour schools only): 0900
10. Payment Frequency: 1 ☐ Two per year 2 ☐ One per term 3 ☐ Two per term
TWO/YEAR 4 ☐ Two terms plus mini-term 5 ☐ Monthly 6 ☐ _____ per _____

SECTION II: PAYMENT INFORMATION (To be completed on each IPS)

11. Date Enrolled this Award Year (Month and year only): 8 9
12. Months in which REMAINING payments will be made for Payment Documents submitted with this IPS: ☐ July ☐ Aug ☐ Sept ☐ Oct ☐ Nov ☐ Dec
☐ Jan ☐ Feb ☐ March ☐ April ☐ May ☐ June

CHECK COMPUTATIONS FOR ACCURACY

13. Number of Payment Documents/Processed Payment Documents submitted with this IPS
14. Amount Paid to Date (Item 6) on Payment Documents/Processed Payment Documents submitted with this IPS
15. Total Payments to date to all Pell Recipients per school records
16. Ending Date of Period Corresponding to Amount in Item 15 above (Date entered here must not be after the date reported in Item 20)

13.	
14.	\$
15.	\$
16.	

Official responsible for the INSTITUTIONAL PAYMENT SUMMARY must sign Item 17.

17. Signature: _____
18. Name: _____
19. Title: _____
20. Phone: 2027323825 Date Signed: _____
Financial Aid Services: _____ Code: _____
21. Signature: _____
22. Name: _____
23. Corp Name: _____

MAIL THE IPS TO: PELL GRANT PROGRAM, P.O. BOX 1400, MERRIFIELD, VA 22116-1400

CERTIFICATION - I certify that I have examined this Institutional Payment Summary, including any accompanying student data, and all information is true and complete, to the best of my knowledge. I understand that if I knowingly make false or misleading statements on this report, I am subject to a fine of up to \$10,000, imprisonment for up to 5 years, or both, under provisions of the United States Criminal Code (including 18 U.S.C. 1001).
ED FORM 255-3b, 6/89 (20 U.S.C. 1070a, 34CFR 690.84).

Phone: _____

Institutional Payment Summary (IPS)

1. IPS is a transmittal form for Pell Grant Payment Vouchers.
 - a. IPS with accompanying Payment Vouchers is called a "batch."
 - b. No more than 60 batches may be submitted within an award year.
2. IPS has two parts.

IPS, Part I: General Information

1. Pre-award IPS:
 - a. Sent by ED in the spring if the school participated in the previous year,
 - b. Pre-award IPS contains pre-printed information, and
 - c. Schools correct pre-award IPS as necessary.
2. Part I of the IPS includes:
 - a. Identifying information about the school,
 - b. Enrollment information,
 - c. Academic calendar,
 - d. Standard costs of attendance (up to 10 categories),
 - e. Hours in the academic year (at clock hour and non-standard term schools), and
 - f. Payment frequency.

IPS, Part II, Payment Information

1. Part II includes:
 - a. Date of enrollment,
 - b. Months of remaining payments,
 - c. The number of vouchers submitted with the batch,
 - d. The amount paid to date for submitted vouchers,
 - e. Total amount disbursed to Pell Grant recipients to date,
 - f. Ending date of period,
 - g. Signature, name, title and telephone number of the financial aid administrator, and
 - h. Signature and name of a financial aid servicer, if applicable.

Completing the Pell Grant Payment Voucher

1. Pell Institution ID
 - a. If preprinted number is accurate, check "yes" box to confirm.
 - b. If the number is inaccurate, make correction.
2. Academic Calendar
 - a. If preprinted information on the calendar shown on the accompanying IPS is the same for the student, do not fill in.
 - b. Categories include credit hours (non-term), quarter, semester, trimester, and clock hours.
3. Cost of Attendance
 - a. Enter standard cost, if applicable, in Section A.
 - b. Enter individual cost in Section B.
 - c. Cost of attendance equals tuition and required fees plus room and board allowance (and child-care and handicap expenses, if applicable).
4. Verification Status
 - a. Categories include:
 - N - Not selected
 - A - Accurate
 - W - Without documentation
 - T - Tolerance
 - C - Calculated
 - R - Reprocessed

S - Selected, not verified

- b. If blank and the student has been selected for verification, ED will assume that student was paid under "W" verification status.
- c. Authorization is reduced at end of year for all students with "W" verification status.

5A. Enrollment Status

- a. Complete Section A only if academic calendar is a quarter, semester, or trimester.
- b. "Other" indicates a mixed enrollment status during the year.

5B. Hours Expected To Complete

- a. Used for credit-hour programs without standard terms.
- b. Used by all clock-hour programs.

5C. Hours In School Academic Year

- a. Must be at least the minimum number of hours specified in regulations (900 clock hours, 24 semester hours, 36 quarter hours, etc.)
- b. Do not complete if the number of hours for the student is the same as the preprinted information for the academic year reported on the accompanying IPS.

6. Amount Paid To Date

- a. Must be completed for all students.

- b. A school cannot submit a Payment Voucher more than one month prior to the first payment to the student.
 - c. "R" (Recovery) only corrects a Processed Payment Voucher.
- 7. Remaining Amount To Be Paid
 - a. Enter the expected amount to be paid, based on the student's expected enrollment status.
 - b. Cannot be left blank; report \$0 if no further payments are to be made.
 - c. If item #7 is greater than \$0, item #8 must be completed.
- 8. Month in Which Remaining Payments Will Be Made
 - a. Complete only if different from the IPS or not already on the IPS.
 - b. Can accommodate crossover payment periods.
- 9. Date Enrolled This Award Year
 - a. Check boxes corresponding to the first date the student was enrolled.
 - b. If crossover payment period, report the actual date of enrollment.

A Pell Grant Payment Voucher appears on the next page.

Part 3 - Payment Voucher
(to be completed by the school)

**1 PELL INSTITUTION
ID OF CAMPUS
ATTENDED**

003744 ☐ Yes

**2 ACADEMIC
CALENDAR**

☐ 1 Credit hour
(non-term)

☐ 2 Quarter

☐ 3 Semester

☐ 4 Trimester

☐ 5 Clock hour

**3 COST OF ATTENDANCE
(Dollars Only)**

A. Standard ☒ B. Individual

☐ A ☐ B ☐ C ☐ D ☐ E ☐ F ☐ G ☐ H ☐ I ☐ J

**4 VERIFICATION
STATUS**

☐ N Not selected

☐ A Accurate

☐ W Without documentation

☐ T Tolerance

☐ C Calculated

☐ R Reprocessed

☐ S Selected, not verified

Verification Worksheet
Completed

☐ Y Yes

**5 TERM BASED
SCHOOLS
ONLY**

A. Enrollment Status

☐ 1 Full Time

☐ 2 1/2 Time

☐ 3 3/4 Time

☐ 4 Other

☐ 5 Less than
1/2 time

**CLOCK HOUR SCHOOLS AND
NON-STANDARD TERM
CREDIT HOUR SCHOOLS ONLY**

B. Hours expected to
complete in all payment
periods this award year

C. Hours in school
academic year

**6 AMOUNT PAID
TO DATE**

☐ R Recovery

**7 REMAINING
AMOUNT
TO BE PAID**

**8 MONTHS IN WHICH
REMAINING PAYMENTS
WILL BE MADE**

☐ Number of months
entered below

☐ Jul ☐ Jan

☐ Aug ☐ Feb

☐ Sep ☐ Mar

☐ Oct ☐ Apr

☐ Nov ☐ May

☐ Dec ☐ Jun

**9 DATE ENROLLED
THIS AWARD YEAR**

☐ Jul ☐ Jan

☐ Aug ☐ Feb

☐ Sep ☐ Mar

☐ Oct ☐ Apr

☐ Nov ☐ May

☐ Dec ☐ Jun

☐ 1990

☐ 1991

10 FAA ADJUSTED PGI

☐ 1 Parental Contribution

☐ 2 Formula

☐ 3 Product

☐ 4 Projected Year Data

☐ 5 Data Element

☐ 6 Secondary PGI Used

J. C. HIGGINBOTHAM
601 TROMBONE LANE
NEW ORLEANS LA 70114

100010301AB 01 0000*

MAKE NO MARKS IN THIS BOX

100010301AB010201020100000

This page was left blank intentionally. A copy of Cory's SAR, Part 3 - Payment Voucher will replace this blank page.

IPS Batch Report and Processed Payment Vouchers

For an IPS that is forwarded with Payment Vouchers, the school receives two packages.

The first package contains:

1. A new IPS to be used with the next submission of Payment Vouchers; and
2. A copy of the IPS Batch Report.

The second package contains:

1. A second copy of the IPS Batch Report; and
2. Processed Payment Vouchers.

For an IPS that is forwarded without Payment Vouchers, the school receives only the first package.

Processed Payment Vouchers are grouped in the following categories:

- | | | |
|----|----------------------------|---|
| 1. | Rejected: | Information is inconsistent and must be corrected. |
| 2. | Accepted with Assumptions: | Information is incomplete and assumptions have been made. Correct and resubmit, if appropriate. |

3. Duplicates: Not counted in "total amount to be paid to date" or "remaining amount to be paid." Resubmit only if award-year data changes.
4. Accepted: Retain in files and resubmit if award-year data changes.

IPS Batch Reports

Items #1 through #3 provide a check on the information reported on the IPS.

1. Item #1 shows the number of vouchers received.
2. Item #2 shows the categories of vouchers in the batch:
 - a. Rejected
 - b. Accepted with Assumptions
 - c. Duplicates
 - d. Accepted
3. Item #3 shows the total amount paid to date for all students.

Items #4 through #6 indicate how the payment data were adjusted for rejected, accepted with assumptions, and duplicate Payment Vouchers. Adjustments are subtracted from the total payments in the batch and are used by ED to change the Pell Grant authorization level.

Copies of an IPS Batch Report and a Processed Payment Voucher appear on the following pages.



IPS BATCH REPORT FOR
PELL GRANTS
1989-90 AWARD YEAR

FORM APPROVED
OMB NO. 1840-0540
Expiration Date
April 1991

TEST SCHOOL INSTITUTE

Pell Institution Number 000003

BALTIMORE

MD 21217

Entity Number 1630438598A1

This report resulted from your IPS dated
We received your IPS on
We processed this Batch on
We assigned this Batch Number to your IPS

07/12/89	(Item 16 of your IPS)
07/13/89	
07/18/89	
89194021	

Information About Your Documents/Records

1. Number of Documents/Records Submitted to Us in this Batch

a. Your count	4	(Item 13 of your IPS)
b. Our count	4	
c. Difference between 1a and 1b	0	

2. Number of Processed Payment Documents/Records Returned to You for this Batch

a. Rejected (see comments on each Processed Payment Document)	0	Correct these and resubmit to us.
b. Accepted with assumptions (see comments on each Processed Payment Document)	2	Review these and resubmit to us if necessary.
c. Duplicates (of data we already accepted)	0	Keep these in your files unless award data changes.
d. Accepted	2	Keep these in your files unless award data changes.
e. Total Processed Payment Documents/Records (Sum of 2a, 2b, 2c, and 2d)	4	1 FLOPPY DISK

Information About Your Payments

3. Amount Paid To Date for this Batch

a. Your amount	\$ 1,050	(Item 14 of your IPS)
b. Our amount (Item 6 on the Documents/Records submitted in this Batch, as we read them)	\$ 1,050	
c. Difference between 3a and 3b	\$ 0	

Information for Reconciliation of this Batch

4. Total Payments (Item 6 plus Item 7 on the Documents/Records submitted in this Batch, as we read them)	\$ 1,484	
5. Adjustments We Made		
a. Changes we made because of Documents/Records we rejected (counted in 2a)	\$ 0	-
b. Changes we made because of Documents/Records we accepted with assumptions (counted in 2b)	\$ 500	-
c. Changes we made because of Documents/Records for duplicates (counted in 2c)	\$ 0	-
d. Total Payments we previously accepted for students submitted in this Batch (not including duplicates in 5c)	\$ 1,485	-
e. Total of the adjustments we made (Sum of 5a, 5b, 5c, and 5d)	\$ 1,985	-
6. Net Adjustment to your Payment data as a result of this Batch (Difference between 4 and 5e)	\$ 501	-



1989 - 90 Student Aid Report

Part 3 - Pell Grant Payment Document

— FOR SCHOOL USE ONLY —

Do not staple, tear or paper clip this form
— FOLD ONLY ALONG ORIGINAL FOLDS —

MILE MOONLIGHT

D24 EQ 20000 SAI EQ 1900

VA 20904

SSN 905-40-5014

DOB 07-22-66

SAI 00127*

TRANSACTION 01

PROCESSED 05-01-90

COMMENTS REGARDING PAYMENT DATA:

*** IPS RECAP: YOUR IPS DATED 05/20/89 OUR BATCH NUMBER 89158011
 *** WE ACCEPTED THIS STUDENT'S DATA WITH THE ASSUMPTIONS SHOWN BELOW.
 REVIEW THIS PROCESSED PAYMENT DOCUMENT AND SUBMIT IT TO US ONLY IF
 YOU NEED TO MAKE CHANGES.
 *** THIS STUDENT'S SCHEDULED PELL GRANT IS \$2150.
 *** YOU REPORTED AN EXPECTED DISBURSEMENT (ITEMS 6 + 7) OF \$1075.
 *** YOU MUST COMPLETE VERIFICATION FOR THIS STUDENT, AND REPORT TO US,
 BY THE APPLICABLE DEADLINE. IF YOU DO NOT, WE MUST REDUCE THIS
 STUDENT'S ACCEPTED DISBURSEMENT TO \$0.
 *** WE USED THESE ASSUMPTIONS IN PROCESSING THIS STUDENT'S DATA:

	YOU REPORTED	WE ASSUMED
VERIFICATION STATUS	BLANK	W-WITHOUT DOC.
ENROLLMENT STATUS	BLANK	1-FULL TIME
REMAINING AMOUNT TO BE PAID	BLANK	0000
DATE ENROLLED THIS AWARD YEAR	BLANK	0589

SCHOOL CERTIFICATION

I certify that payments to this student are correct according to Pell Grant Program regulations and statutes instructions in the Student Financial Aid Handbook and the 1989-90 Payment Schedule

I further certify that the student is making satisfactory academic progress in an eligible program, has signed a Statement of Updated Information, a Statement of Educational Purpose/Certification Statement on Refunds and Defaults, and a Statement of Registration Status (if required) and has provided any documents for verification (if required)

I believe that the data supplied by the student from which the Student Aid Report was produced, are accurate. I understand that my school is liable for incorrect payments made to the student and that if I knowingly make false or misleading statements on this report I am subject to a fine of up to \$10,000 imprisonment for up to 5 years or both under provisions of the United States Criminal Code (including 18 USC 1001)

SIGNED BY _____ DATE _____

SCHOOL NAME TEST SCHOOL UNIVERSITY

00002

CITY PRINCESS ANNE STATE MD

EP-09133-309 12

<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;"> 8 MONTHS IN WHICH REMAINING PAYMENTS WILL BE MADE </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> 0-MONTH(S) </div> <div style="border: 1px solid black; padding: 5px;"> <input type="checkbox"/> Number of months entered below </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%;"> <input type="radio"/> Jul <input type="radio"/> Aug <input type="radio"/> Sep <input type="radio"/> Oct <input type="radio"/> Nov <input type="radio"/> Dec </div> <div style="width: 45%;"> <input type="radio"/> Jan <input type="radio"/> Feb <input type="radio"/> Mar <input type="radio"/> Apr <input type="radio"/> May <input type="radio"/> Jun </div> </div>	<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;"> 9 DATE ENROLLED THIS AWARD YEAR </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> 0589 </div> <div style="border: 1px solid black; padding: 5px;"> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;"> 198 <input type="radio"/> 199 <input type="radio"/> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="radio"/> Jul <input type="radio"/> Aug <input type="radio"/> Sep <input type="radio"/> Oct <input type="radio"/> Nov <input type="radio"/> Dec </div> <div style="width: 45%;"> <input type="radio"/> Jan <input type="radio"/> Feb <input type="radio"/> Mar <input type="radio"/> Apr <input type="radio"/> May <input type="radio"/> Jun </div> </div> </div>	<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;"> 10 </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <input type="checkbox"/> Secondary SAI Used </div> <div style="border: 1px solid black; padding: 5px;"> <div style="display: flex; justify-content: space-between; align-items: center;"> <div>ED USE ONLY</div> <div style="display: flex; gap: 5px;"> <input style="width: 20px; height: 20px; border: 1px solid black;" type="text"/> <input style="width: 20px; height: 20px; border: 1px solid black;" type="text"/> <input style="width: 20px; height: 20px; border: 1px solid black;" type="text"/> <input style="width: 20px; height: 20px; border: 1px solid black;" type="text"/> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 30%;"> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> </div> <div style="width: 65%;"> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;"> 1234 </div> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;"> 5678 </div> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;"> 9012 </div> <div style="display: flex; justify-content: space-around; margin-bottom: 10px;"> 3456 </div> <div style="display: flex; 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225405014 MO 01 0127*

TG Seven - 20

Student Payment Summary (SPS)

The Student Payment Summary is a list of student data that ED has in its records for each Pell Grant recipient the school reported for the award year. Schools may use the SPS for reporting and reconciliation purposes.

The SPS is sent to each school at least two times per award year.

1. Schools may request additional SPSs.
2. A final SPS is produced at the end of the year if any student records on the SPS have changed.

The SPS is not used to make changes. The school must use a corrected Processed Payment Voucher to make any changes in student payment information.

A student will be listed more than once on the SPS, if the revised Payment Voucher shows a different transaction number or certain changes to the student's academic calendar.

When a student is listed more than once on an SPS, the original reported payment amounts are deleted, except in the case of attended campus changes. A mark appears in the far right column beside the transaction on which the student was paid. If the student attends more than one campus of a school, the student will be listed in each campus's section of the SPS.

A copy of a Student Payment Summary appears on the following pages.



U S DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION
WASHINGTON, D C.

PELL GRANT PROGRAM
STUDENT PAYMENT SUMMARY

CENTRAL ADMINISTRATIVE OFFICE (REPORTING CAMPUS),
PELL INST NO

000003
TEST SCHOOL INSTITUTE
BALTIMORE MD 21217

REPORT FOR STUDENTS ATTEMPTING
PELL INST NO 000003
TEST SCHOOL INSTITUTE
BALTIMORE MD 21217

TYPE OF REPORT CERTIFICATION NO ROSTER

DATE OF REPORT SEPTEMBER 15, 1989

PAGE

ED CICLE 90

ED USE ONLY

1989 90
PROCESSED PAYMENT DOCUMENT/REPORT INFORMATION

STUDENT NAME	ADAM AND	BUNNY	GOING TO DO	MOONLIGHT	NAGS	NAGS
STUDENT AID INDEX	0055	1109	0563	0000	0313	0313
SOC SEC NO OR PELL ASSIGNED ID	W900 03 3167	W900 05-1012	900-05-1005	905 40-5015	905 40-5113	2905 40 5103
DATE OF BIRTH	01/01/67	01/01/67	01/01/67	07/22/66	07/22/66	07/22/66
TRANS NO	02	01	01	01	01	02
110 IN SECONDARY SAT	91055		00563	00000	00000	00000
110 USED	5	5	5	5	5	5
121 ACADEMIC CAL	2	5	5	5	5	5
122 POST ATTENDANCE	\$1 500	\$1 500	\$1 500	\$1 000	\$1 000	\$1 500
141 VERIFICATION STATUS	N	N	N	N	N	N
1501 ENROLLMENT STATUS	ENR	ENR	ENR	ENR	ENR	ENR
1502 HOURS EXPECTED TO COMPLETE	500	450	450	500	400	
1503 HOURS IN SCHOOL ACADEMIC YEAR	900	900	900	900	900	900
16-71 TOTAL PAYMENT REC AMOUNT	\$0	\$221	\$465	\$315	\$350	\$413
16-72 TOTAL PAYMENT REC AMOUNT	\$0	\$221	\$465	\$315	\$350	\$413
BATCH NO	89194021	89194021	89158021	89158021	89194021	89194021
SAR RECORD ID	100033187A002	100051012B001	100051005G001	22540515M001	225405113M401	225405101M402
SEG C	01	01	01	01	01	01



U. S. DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION
WASHINGTON, D. C.

PELL GRANT PROGRAM
STUDENT PAYMENT SUMMARY

CENTRAL ADMINISTRATIVE OFFICE (REPORTING CAMPUS)
PELL INST NO 000003
WEST SLUGGON INSTITUTE
BALTIMORE MD 21217

REPORT FOR STUDENTS ATTENDING
PELL INST NO

TYPE OF REPORT CERTIFICATION 90 ROSTER

DATE OF REPORT SEPTEMBER 15, 1989 PAGE 2
ED CYCLE 00

1000 00

SUMMARY DATA

INFORMATION REPORTED ON YOUR LATEST INSTITUTIONAL PAYMENT SUMMARY DATED 07/12/89
TOTAL PAYMENTS TO DATE TO PELL RECIPIENTS PER SCHOOL RECORDS (ITEM 15) \$75

INFORMATION SUMMARIZED FROM PROCESSED PAYMENT DOCUMENTS/RECORDS ON THIS REPORT

TOTAL AMOUNT PAID TO DATE (ITEM 6)	\$1 050
TOTAL REMAINING AMOUNT TO BE PAID (ITEM 7)	\$714
TOTAL PAYMENT AMOUNT (ITEM 6 - ITEM 7)	\$1 764
TOTAL UNDUPLICATED RECIPIENTS	6
TOTAL ACTIVE STUDENT RECORDS	6
TOTAL RECORDS ON THIS REPORT	6
TOTAL NUMBER OF ATTENDED CAMPUSES	0

INFORMATION SUMMARIZED FROM ITEM 2 OF YOUR IPS BATCH REPORTS

REJECTED (20)	1
ACCEPTED WITH ASSUMPTIONS (28)	8
DUPLICATES (20)	0
ACCEPTED (20)	2
TOTAL PROCESSED PAYMENT DOCUMENTS/RECORDS (2E)	11



CENTRAL ADMINISTRATIVE OFFICE (REPORTING CAMPUS)
PELL INST NO 000003
1501 SPRING INSTITUTE
BALTIMORE MD 21217

REPORT FOR STUDENTS ATTENDING
PELL INST NO

U. S. DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION
WASHINGTON, D. C.

PELL GRANT PROGRAM
STUDENT PAYMENT SUMMARY

TYPE OF REPORT CERTIFICATION 90 ROSTER

DATE OF REPORT SEPTEMBER 15, 1989

PAGE 3

ED CYCLE 00

1989 90

SUMMARY DATA

STUDENT AID INDEX AND PAYMENT AMOUNT STATISTICS

SAI RANGE	ACTIVE STUDENT RECORDS	AVERAGE PAYMENT AMOUNT
0	1	\$ 315
1 - 100	0	\$ 0
101 - 500	2	\$ 382
501 - 900	1	\$ 485
901 - 1300	2	\$ 111
1301 AND ABOVE	0	\$ 0

OVERALL AVERAGES FOR 6 STUDENTS

SAI = 559

PAYMENT = \$ 294

COST = \$ 1,333

COST OF ATTENDANCE STATISTICS

AMOUNT	ACTIVE STUDENT RECORDS
\$ 0 - \$1000	2
\$1001 - \$2000	4
\$2001 - \$3000	0
\$3001 - \$4000	0
\$4001 - \$5000	0
\$5001 - \$6000	0
\$6001 - \$8000	0
\$8001 AND ABOVE	0

VERIFICATION STATUS STATISTICS

TYPE	ACTIVE STUDENT RECORDS
N - NOT SELECTED	5
A - ACCURATE	0
M - WITHOUT DOCUMENTATION	1
T - TOLERANT	0
C - CALCULATED	0
R - REPROCESSED	0
S - SELECTED NOT VERIFIED	0

FREQUENCY DISTRIBUTION FOR STANDARD COST USAGE

A B C D E F G H I J

AMOUNT ACTIVE STUDENT RECORDS

1 - ORIGINAL SAI USED 0

5 - SECONDARY SAI USED 1

FSA SAI ADJUSTMENT STATISTICS

TYPE ACTIVE STUDENT RECORDS

0

1

Summary

During this session we have described the following:

1. Items on the Institutional Payment Summary and on the Payment Voucher that must be completed in order for a student to receive Pell Grant funds.
2. The Payment Voucher processing path.
3. The content and function of the Student Payment Summary.

The changes to the Delivery System included in this section are:

1. The Pell Grant Payment Document is now called the Pell Grant Payment Voucher.
2. The Pell Grant Payment Voucher will no longer have ovals (bubbles); instead, each item will have boxes to complete.
3. The Processed Payment Document is now called the Processed Payment Voucher.

SESSION #8 - DATA EXCHANGE

Session Objective

•To Identify the different modes by which information can flow through the Delivery System, including paper, tape and diskette, and telecommunications.

Sources for Further Study

- Dear Colleague Letter, P-89-2, January 1989
 - Dear Colleague Letter, P-89-23, July 1989
 - Pell Grant Delivery System Action Letter #1, August 1988
 - ED 1990-91 Student Aid Delivery System Action Letters
 - A Self-Instructional Course in Student Financial Aid Administration, Modules 10 and 14
-

Introduction

There are four methods of transmitting data to and from ED:

1. Paper;
2. Computer tape;
3. Personal Computer (PC) diskette; and
4. Electronically through telephone lines.

U.S. Department of Education Automated Processing Services

1. Applicant Roster Data Exchange
 - a. Used to develop aid packages, counsel students, and verify data
 - b. Contains complete applicant records
 - c. Magnetic tape or paper
2. Recipient Data Exchange (RDE)
 - a. Used to transmit Pell Grant payment data
 - b. Transmitted in machine-readable format
 - c. Magnetic tape
3. Floppy Disk Data Exchange
 - a. Designed for schools with 500 or fewer Pell recipients per academic year
 - b. Used to transmit Pell Grant payment data
 - c. Floppy disk
4. Electronic Data Exchange (EDE)
 - a. Designed for schools with more than 500 Pell Grant recipients per academic year
 - b. Used to transmit Federal student aid applicant data
 - c. Used to transmit Pell Grant payment data
 - d. Electronic network

Summary of Applicant Roster Data Exchange

1. Magnetic computer tape equivalent of the hard-copy paper Applicant Rosters.
2. Produced by the Central Processing System based on the applicants who listed the school in the Federal core section on their applications.
3. Application data tape contains complete student files, as does the full hard-copy paper roster.
4. A school must request Applicant Rosters.
5. Applicant data tapes and full hard-copy paper rosters are issued up to 40 times per year; abbreviated hard-copy rosters are also issued up to 40 times per year.
6. A school applying for applicant data services in 1990-91 will not be required to reapply for future processing cycles unless changes in the service are necessary.
7. No charge to the school.
8. For more information contact Applicant Roster Data Exchange Specialist: (202) 732-3721.

Summary Of Recipient Data Exchange (RDE)

1. Magnetic tape of Pell Grant recipient data is submitted to ED. Results may be returned either on tape or hard copy or both.
2. Summary reports are provided on hard copy .

3. A school or servicer must submit and have accepted by ED a test tape meeting ED's requirements. Schools must develop their own software, based on ED specifications.
4. Used to process a large volume of recipient data on magnetic tape prepared by mainframe computer.
5. No cost to participant schools, except cost of mailing.
6. For more information, contact RDE Specialist: (202) 732-3825.

Summary Of Floppy Disk Data Exchange

1. Provides the same benefits as the Recipient Data Exchange (RDE) and Electronic Data Exchange (EDE).
2. Intended for schools currently using hard-copy Pell Payment Vouchers.
3. Data is submitted to ED on floppy disk.
4. Has maximum batch size:
 - a. 5-1/4" diskette - 750 records
 - b. 3-1/2" diskette - 1,500 records
5. Recommended for schools with fewer than 500 Pell Grant recipients. Schools with more than 500 should consider using the Recipient Data Exchange (RDE) or the Electronic Data Exchange (EDE).

6. Hardware needed to operate the Floppy Disk Data Exchange:
 - a. IBM or IBM-compatible PC with a hard disk and at least 640K of memory.
 - b. A disk drive that accepts 5 1/4" or 3 1/2" double-sided, low density, DOS formatted diskettes.
 - c. MS-DOS operating system Version 2.0 or greater.
 - d. A printer capable of printing 8 1/2" x 11" reports.
7. The Floppy Disk System is designed to run on a single PC. The software does not incorporate networking capabilities at present.
8. To participate in Floppy Disk Data Exchange, a school must be an independent or central campus.
9. No cost except mailing cost to participating schools (ED provides the software and the User's Guide).
10. For more information contact Floppy Disk Data Exchange Specialist: (202) 732-3810.

Stages Of Electronic Data Exchange

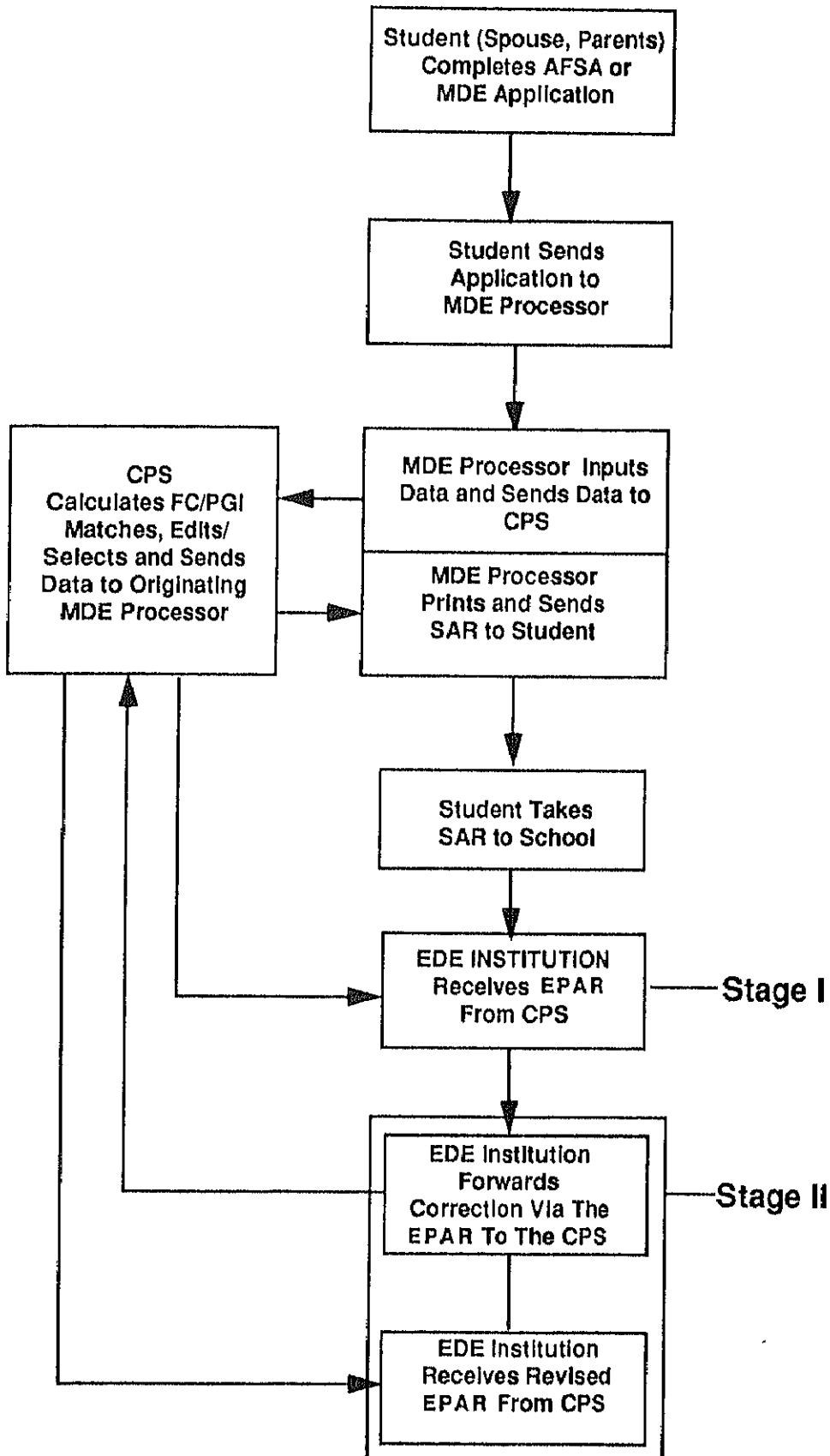
1. Stage I
 - a. School receives applicant records.
 - b. The record is called an Electronic Processed Applicant Record (EPAR). The school uses the EPAR to print an Electronic Student Aid Report (ESAR).
2. Stage II
 - a. School sends corrected data to the CPS.
 - b. School receives a revised EPAR.
3. Stage III
 - a. School transmits an Electronic Payment Voucher (EPV).
 - b. School receives an Electronic Processed Payment Voucher (EPPV).
4. Stage Zero
 - a. Currently a pilot.
 - b. Student submits an application to a school.
 - c. School keys in data.
 - d. Data transmitted directly to the CPS.

For more information, contact an EDE Specialist: (202) 732-3830 or (202) 732-4270.

Flow charts for EDE Stages I, II and III appear on the following pages.

SUMMARY OF ELECTRONIC DATA EXCHANGE STAGE I AND II

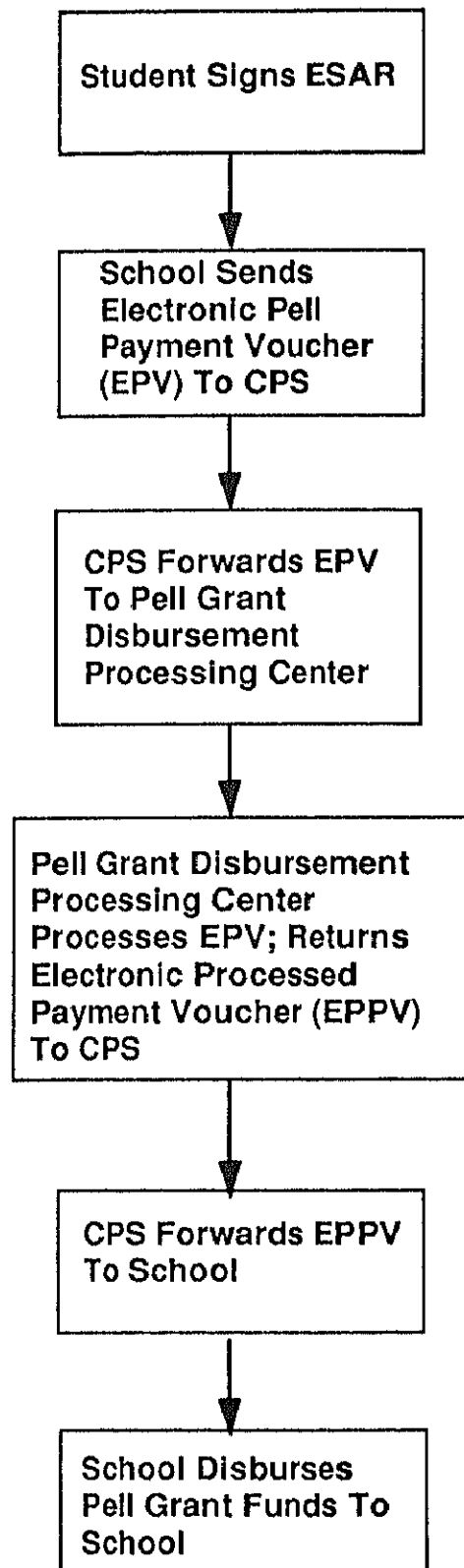
Title IV Application Processing - Electronic



SUMMARY OF ELECTRONIC DATA EXCHANGE

STAGE III

Pell Payment Processing -Electronic



Other U.S. Department of Education Electronic Initiatives

Electronic FISAP

1. Used for campus-based program application and reporting purposes.
2. The software is provided at no expense to the school.
3. Provides PC users with automatic calculations and editing of data for the annual completion of the Fiscal Operations Report and Application to participate (FISAP).
4. For further information on this program, contact the Electronic FISAP Administrator: (301) 587-4580 or (202) 732-3726.

Electronic Need Analysis System (ENAS)

1. Can be used to calculate a PGI using the Pell Grant formula.
2. Can be used to calculate a Family Contribution (FC) using the Congressional Methodology.
3. Available on floppy disk.
4. Provided free to schools that submit their FISAP data electronically.
5. For further information, contact an ENAS Specialist: (301) 587-4580.

Summary

The following information was reviewed in this session.

1. There are several modes in which schools and the Department of Education send and return information.
2. Financial aid administrators should be aware of these options so they can make decisions about the best methods for their own school and make the necessary plans to implement the methods of choice.
3. ED software products can assist financial aid administrators in the delivery of aid to students.

Summary Of Changes To The Delivery System Included In This Session

1. Paper Applicant Rosters will now contain complete Federal applicant information.
2. Applicant Rosters will be produced up to 40 times per year.

APPENDIX

Appendix A - Acronym Listing
Appendix B - Glossary

Acronyms

AAI	Adjusted Available Income
ACA	Administrative Cost Allowance
ACH/EFT	Automated Clearing House/Electronic Fund Transfer System
ACN	Audit Control Number
ACT	American College Testing Program
ADC	Aid to Dependent Children
ADS*	Alternate Disbursement System
AFDC	Aid to Families with Dependent Children
AFSA	Application for Federal Student Aid
AFSSA	Application for Federal and State Student Assistance
AFSSA-R	Application for Federal and State Student Assistance Report (CSX)
AGI	Adjusted Gross Income
AICS	The Association of Independent Colleges and Schools
ALAS*	Auxiliary Loans to Assist Students. This was a legislative title for the PLUS program from 1981 to October, 1986. However, the program continued to be referred to as PLUS. The title became obsolete after the Higher Education Amendments of 1986 became law.
ATI	Available Taxable Income
AY	Award Year
BEOG*	Basic Educational Opportunity Grant, renamed Pell Grant in 1980.
CAR	Computed Applicant Record
CB	Campus-based programs
CEO	Chief Executive Officer

*These acronyms are no longer in use, but are provided for your information.

CFAR	Comprehensive Financial Aid Report (American College Testing Program)
CFR	Code of Federal Regulations
CM	Congressional Methodology (a methodology that calculates the Family Contribution [FC])
COA	Cost of Attendance
COHEAO	Coalition of Higher Education Assistance Organizations
CPA	Certified Public Accountant
CPS	Central Processing System
CR	Credit
CSL	Community Service Learning program
CSLJLD	Community Service Learning Job Location and Development program
CSS	College Scholarship Service (a division of The College Board)
CSX	CSX Commercial Services, Inc.
CTI	Contribution from Taxable Income
CWS	College Work-Study program, the campus-based Title IV employment program
DCL	Dear Colleague Letter
DEC	Division of Eligibility and Certification (in the Department of Education)
DFAFS*	Departmental Federal Assistance Financing System (a precursor to ED/PMS, administered by the U.S. Department of Health and Human Services)
DR	Debit
EASFAA	Eastern Association of Student Financial Aid Administrators
ECAR	Electronic Correction to Applicant Record

*These acronyms are no longer in use, but are provided for your information.

ECR	Electronic Correction Record
ED	U.S. Department of Education. Formerly called the Office of Education, under the Department of Health, Education, and Welfare (DHEW). The Department of Education was established in 1980, and DHEW has been renamed the Department of Health and Human Services (HHS).
EDE	Electronic Data Exchange (formerly Pell Grant Electronic Data Exchange or PEDE)
EDGAR	Department of Education General Administration Regulations
ED/PMS	Department of Education Payment Management System
EFC	Expected Family Contribution (for Pell, the PGI; for campus-based and Stafford, the FC)
EFT	Electronic Funds Transfer
EIN	Entity Identification Number
ENAS	Electronic Need Analysis System
EOY	End of Year
EPAR	Electronic Processed Applicant Record
EPD	Electronic Payment Data
EPPV	Electronic Processed Payment Voucher
EPV	Electronic Payment Voucher
ESAR	Electronic Student Aid Report
FAA	Financial Aid Administrator
FAF	Financial Aid Form (CSS)
FAFNAR	Financial Aid Form Need Analysis Report (CSS)
FAIR	Financial Aid Institutional Report (USAF)
FAT	Financial Aid Transcript

*These acronyms are no longer in use, but are provided for your information.

FC	Family Contribution (calculated using the Congressional Methodology Formula)
FCC	Federal Capital Contribution
FCS	Family Contribution Schedule (a methodology that calculates the Pell Grant Index [PGI], for the Pell Grant program)
FED WIRE	U.S. Treasury Financial Communication System/Deposit Message Retrieval System or Federal Reserve Communications System (not a U.S. Treasury wire transfer system)
FFS	Family Financial Statement (ACT)
FISAP	The Fiscal Operations Report and Application to Participate in the Perkins Loan, SEOG, and CWS programs.
FISL*	Federally-Insured Student Loan (no longer in existence, but some loans are still being collected)
FLD	Final Letter of Determination
FMS	Financial Management Service
FO	Fiscal Officer
FRB	Federal Reserve Bank
FT	Full-Time
FY	Fiscal Year
G	Guarantee Agency Dear Colleague Letter
GA	Guarantee Agency
GAO	General Accounting Office
GAPSFAS	Graduate and Professional School Financial Aid Service
GED	General Education Development Certificate
GEN	General Dear Colleague Letter
GES	General Electronic Support

*These acronyms are no longer in use, but are provided for your information.

GPA	Grade Point Average
GSL	Guaranteed Student Loan programs. Includes all loan programs under Title IV, Part B.
HBCU	Historically Black Colleges and Universities
HEA	Higher Education Act of 1965, as amended
HPSL	Health Professions Student Loan program
ICC	Institutional Capital Contribution
ICL	Income Contingent Loan Demonstration Project
ILCB	Institution and Lender Certification Branch
INS	U.S. Immigration and Naturalization Service
IPEDS	Integrated Postsecondary Education Data System, (an annual report to ED filed by the school). This new system was preceded by the Higher Education General Information Survey or HEGIS report.
IPS	Institutional Payment Summary (for Pell Grants)
IRS	Internal Revenue Service
JLD	Job Location and Development program
JTPA	Job Training Partnership Act
LARB	Loans and Accounts Receivable Branch (in the Financial Management Service of the U.S. Department of Education)
LD	Limited Distribution Dear Colleague Letter
MASFAA	Midwest Association of Student Financial Aid Administrators
MDE	Multiple Data Entry
MISAA	Middle Income Student Assistance Act of 1978
NAACS	National Association of Accredited Cosmetology Schools

*These acronyms are no longer in use, but are provided for your information.

NACUBO	National Association of College and University Business Officers
NAS	Need Analysis Servicer or Need Analysis System
NASEA	National Association of Student Employment Administrators
NASFAA	National Association of Student Financial Aid Administrators
NATTS	National Association of Trade and Technical Schools
NCHelp	National Council of Higher Education Loan Programs
NDEA	National Defense Education Act
NDSL*	National Direct/Defense Student Loan program. This campus-based Title IV loan program was renamed the Perkins Loan program in the Higher Education Amendments of 1986.
NFC	National Finance Center
NPRM	Notice of proposed rulemaking (announcement in the <i>Federal Register</i> of proposed new regulations, with explanation and specified period during which public comment is invited.)
OGC	Office of General Counsel
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OPE	Office of Postsecondary Education
OSFA	Office of Student Financial Assistance
P	Pell Grant Dear Colleague Letter
PAN	Payee Account Number
PV	Payment Voucher (previously, Payment Document)
PEDE*	Pell Electronic Data Exchange (the former name of the Electronic Data Exchange [EDE])
PGI	Pell Grant Index (formerly Student Aid Index)

*These acronyms are no longer in use, but are provided for your information.

PHEAA	Pennsylvania Higher Education Assistance Agency
PIC	Public Inquiry Contractor
PIN	Payee Identification Number
P.L.	Public Law
PLUS	Parent Loans for Undergraduate Students. A Title IV program which now provides financial aid to parents only for their dependent students. Prior to the Higher Education Amendments of 1986, independent students were also allowed to borrow under the PLUS program.
POO	Obligation Document Number
PPV	Processed Payment Voucher (previously, Processed Payment Document)
QC	Quality Control
RDE	Recipient Data Exchange
RFC	Request for Contract
RFD	Request for Duplicate
RFP	Request for Proposal
RIT	Request for Information Transfer
RMAFSA	Rocky Mountain Association of Student Financial Aid Administrators
RO	Regional Office
SAAC	Student Aid Application for California
SAI*	Student Aid Index (now Pell Grant Index or PGI)
SAP	Satisfactory Academic Progress
SAR	Student Aid Report
SASFSA	Southern Association of Student Financial Aid Administrators

*These acronyms are no longer in use, but are provided for your information.

SEOG	Supplemental Educational Opportunity Grant program. (The campus-based Title IV grant program)
SFA	Student Financial Assistance (programs)
SLMA	Student Loan Marketing Association, also called "Sallie Mae"
SLS	Supplemental Loans for Students (a Title IV financial aid loan program for graduate, professional, and independent undergraduate students; and under certain documented conditions, dependent undergraduate students)
SNT	Simplified Needs Test
SNAD	Student Need Analysis Document (PHEAA)
SOA	Statement of Account
SPS	Student Payment Summary
SSIG	State Student Incentive Grant
SSN	Social Security Number
SWASFAA	Southwestern Association of Student Financial Aid Administrators
TFC	Total Family Contribution
TFCS	U.S. Treasury's Financial Communication System
TRIO	The special programs for students from disadvantaged backgrounds, including Educational Opportunity Centers, Talent Search, Upward Bound, and Student Support Services
UM*	Uniform Methodology
USAF	United Student Aid Funds
VA	Veterans Administration
VISTA	Volunteers in Service to America
WASFAA	Western Association of Student Financial Aid Administrators

*These acronyms are no longer in use, but are provided for your information.

Glossary

Ability to Benefit

An admissions standard for a person who is admitted to an eligible institution (unless the institution is a public or private nonprofit institution of higher education that participates only in the Stafford, SLS, and PLUS programs); does not have a high school diploma or GED; and is beyond the age of compulsory school attendance in the state where the institution is located (unless the person is admitted to a vocational school, in which case he or she must have completed or left elementary or secondary education). A student who is admitted on the basis of ability to benefit must (a) receive a GED by graduation or by the end of the first year of study, whichever is earlier; or (b) be counseled prior to admission; and enroll in and successfully complete a remedial program that is prescribed by the institution and that does not exceed the equivalent of one academic year; or (c) take a nationally recognized, standardized or industry-developed aptitude test that has been developed according to the standards of the institution's accrediting agency. (If students fail the test, they must enroll in and successfully complete a remedial program described in (b) above.) An institution must document its determinations of ability to benefit. For further information on these standards, contact your ED regional office. An academic year's worth of non-credit or reduced credit remedial education is equivalent to 30 semester or 45 quarter hours or 900 clock hours.

Academic Year

A period of time in which a full-time student is expected to complete (a) the equivalent of at least 2 semesters, 2 trimesters, or 3 quarters at an institution measuring in credits and using a semester, trimester, or quarter system; (b) 24 semester hours or 36 quarter hours at an institution using credit hours and not using a semester, trimester or quarter system; or (c) at least 900 clock hours at an institution using clock hours.

Acceptable Documentation

When referring to verification, or when decisions are made regarding student data, acceptable documentation means written documents which substantiate the information reported on a student aid application, such as the U.S. income tax return, and signed statements from the applicant and the applicant's family. Federal regulations list documents which are acceptable proof of the accuracy of applicant data.

Accepted with Assumptions	A category of Processed Payment data whose information was inaccurate, but for which the central processing facility for Pell Grants made certain assumptions when processing each record. The institution must review the records carefully and resubmit if corrections are necessary.
Accepted without Change or Assumption	A category of Processed Payment data an institution must keep. An institution should not resubmit these records to the central processing facility for Pell Grants unless the award year data change.
Accounting for Restricted Funds for Limited Purposes	A restricted fund made of a self-balancing group of accounts: assets, liabilities, capital (fund balance), revenues, and expenses. It is important to note that individual funds are separated completely from one another and from the general fund of the institution and are self-balancing. That is, the debit balances of the debit accounts within the fund equal the credit balances of the credit accounts within the fund. This insures the integrity of individual funds and provides control over expenditure of the funds. "Restricted" means that the use of the funds has been restricted to some specific activity by donors and/or other external agencies.
Accounting Period	A period of time for which financial records are maintained, and at the end of which financial statements are prepared. This may coincide with the calendar year, or may be from July 1, 1990 to June 30, 1991, or October 1, 1990 to September 30, 1991, etc.
Accredited Institution	Any institution or school which meets standards established by a nationally recognized accrediting agency or association.
Accrediting Agency	An agency that sets educational standards, evaluates institutions, and certifies that institutions have met their standards. (<i>See Nationally Recognized Accrediting Agency</i>).
Accrual Basis	The basic accounting under which incomes are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when cash expenditure is made or cash revenue is actually received.
Accrued Salaries	A liability from wages earned by students between the last payment date and the end of the period being reported, but not yet paid to the students.

Action Letter	Letters distributed to institutions by ED explaining specific items in the financial aid delivery system.
Adjusted Gross Income	An income figure taken from the federal income tax form that has been filed in compliance with IRS regulations and guidelines.
Adjusting Entry	A journal entry made for purposes of correcting an error such as a transfer of an amount from one account to another) or recording an accrual (i.e. earned, but unpaid, student payroll at the end of an accounting period).
Adjustment	An action by an institution resulting in an increase, decrease, program substitution, or cancellation of a recipient's award. This may be necessitated by factors such as a change in the student's dependency status, or a change in the financial circumstances of the student or his or her family. Also called award adjustment.
Administrative Capability	<p>A requirement an institution must meet to participate in the Title IV student aid programs. It covers specific areas in the management of an institution.</p> <p>These areas include establishing and maintaining student and financial records, designating a capable Title IV aid administrator at the institution, communicating to this administrator all the information received by any institutional office that affects a student's Title IV aid eligibility, and employing an adequate number of qualified staff. They also include providing adequate checks and balances, establishing, publishing, and applying reasonable standards of satisfactory academic progress, developing an adequate system for measuring the accuracy and consistency of information on documents, providing adequate financial aid counseling, and referring any instance of suspected fraud or criminal conduct by a Title IV aid applicant to the appropriate authorities.</p>
Administrative Cost Allowance	A payment made to an institution for offsetting the cost of administering the Title IV programs.
Administrative Law Judge	A federal official, outside the U.S. Department of Education (ED), who hears the appeal of a school that is disputing the findings of the final audit determination letter. (ED sends this letter to the institution.) The judge hears evidence and arguments from both the institution and ED and then rules on the appeal.

Advisory Committee on Student Financial Assistance	A committee established by the Higher Education Amendments of 1986 charged with formulating student aid delivery system recommendations for consideration by the U.S. Congress and U.S. Secretary of Education.
AFDC (Aid to Families with Dependent Children)	Federal grant money administered by state Departments of Social Services, often referred to as "Welfare". Also called ADC (Aid to Dependent Children).
Agency Funds	The conduit or clearing house funds established to account for assets (usually cash) received for, and paid to, other funds, individuals, or organizations. Externally-designated scholarship funds are an example of agency funds. Because the assets thus received are held briefly, to be disposed of at the direction of others, only asset and liability accounts are needed in such a relationship.
Allocation	<i>(See Authorization).</i>
Allocation Policy	A priority list, established by the institution, which states the order of refunds to financial aid program accounts due to the student's withdrawal, expulsion, or dropping out during the refund period.
Allowances	Financial adjustments included in need analysis formulas to provide for a family's non-discretionary expenses or to shelter assets or income for retirement or emergency purposes. In establishing students' costs of attendance, allowances are reasonable amounts allotted by the institution to reflect most students' financial circumstances.
Alternate Disbursement System (ADS)	This was a distribution system for Pell Grant funds under which eligible students received their award payments directly from ED. The Alternate Disbursement System is no longer in use.
Anti-Drug Abuse Act Certification	Certification statement that students are required to sign in order to be eligible for Pell Grants. This statement appears on the back of Part 1 of the SAR. By signing, the student certifies that as a condition of the Pell Grant, he or she will not engage in the manufacture, distribution, dispensation, possession or use of a controlled substance during the period covered by the Pell Grant.
Appeal Process	The process by which a student requests further consideration in the financial aid process.

Application for Federal and State Student Assistance (AFSSA)	The MDE financial aid application produced by CSX Technologies.
Application for Federal Student Aid (AFSA)	A free financial aid application, provided by the Department of Education, which gathers data to determine both Pell Grant eligibility, using the Pell Grant formula, and expected family contribution, using the Congressional Methodology.
Applicant Roster and Tape Service	A one-way transmittal of applicant data from the Department of Education's central Pell Grant processor to an institution. It lists on the tape and/or hardcopy the students who have submitted Pell Grant applications and, if an institution requests it, much of the data needed to calculate a PGI.
Appropriation	A legislative act authorizing the expenditure of a specific amount of public funds for a specific purpose. The dollar amount appropriated may not necessarily be the total amount permissible under the authorizing statute. An appropriation bill originates in the House of Representatives. General appropriations acts are normally approved by both houses of Congress by the seventh day after Labor Day before the start of the fiscal year to which they apply, but this does not always happen.
Assets	The financial holdings such as cash on hand in checking and savings accounts, trusts, stocks, bonds, other securities, loans receivables, home (if owned), other real estate, business equipment, and business inventory.
Assignment	An institution's transfer of a defaulted National Defense/Direct Student Loan or a Perkins Loan to the Department of Education (ED) for collection. Once an assigned loan is accepted by ED, the Department acquires all rights, title, and interest on the loan.
Audit	An audit is an independent examination of financial transactions, accounts, reports, and compliance with applicable laws and regulations to determine whether the institution is maintaining effective control over revenues, expenditures, assets, and liabilities; whether the institution is properly accounting for resources, liabilities, and operations; whether financial reports contain accurate, reliable, and useful financial information and are accurately presented; and whether the institution is complying with applicable laws, regulations, and ED directives. The audit also studies

and evaluates the institution's internal accounting and administrative controls as well as the policies, procedures, and practices used in administering student financial assistance programs.

Audit Exceptions

Those actions found through an audit not to be in compliance with federal guidelines.

Audit Guide

The reference manual meant to assist independent auditors in performing audits of student financial aid programs under Title IV.

Audit Report

The audit report prepared by the Department of Education or in a non-federal audit, by an auditor or audit firm according to the guidelines provided in the *Audit Guide*.

Audit Trail

The maintenance of required documentation to support each transaction for the receipt and expenditure of federal funds.

**Authorization
(legislative)**

A legislative act that establishes a program, specifies its general purpose and conduct, and unless open-ended, sets a ceiling for the dollar amount that can be used to finance it. Must be enacted before an appropriation for the program is passed.

**Authorization
(spending)**

The approved level of expenditure for a program for an award year. The Department of Education notifies each participating institution of its tentative and final authorization(s), for each Title IV program in which it participates, for the upcoming award year.

**Automated Clearing
House/Electronic Fund
Transfer (ACH/EFT)**

A nationwide Automated Clearing House (ACH) network providing an efficient means of making payments without using paper by electronically transmitting debits and credits through the Federal Reserve Communications System.

**Automated Processing
Services**

Department of Education sponsored electronic methods of data exchange. It includes Applicant Roster Exchange, Electronic Data Exchange, Recipient Data Exchange, and Floppy Disk Data Exchange.

**Automated Voice
Response**

An option for requesting payments through the service bureau under ACH/EFT. It represents one of three requesting methods (the other two are operator-

assisted or computer-to-computer). The request is made via a touchtone phone.

Average Tuition and Fees

The average full-time tuition and fee costs for specific groups of students. Averages for residency-based classifications of students may be developed. For campus-based programs, separate averages may be developed for undergraduate, graduate, and professional students.

Award

A specific amount of financial assistance offered to a student through financial aid programs to pay for educational costs. Also, the approval of financial assistance to students. For example, one function of the institution is to award campus-based financial aid to students showing documented financial need.

Award Adjustment or Revision

An action by the financial aid office resulting in an increase, decrease, program substitution, or cancellation of a recipient's award. This may be necessitated by factors such as a change in the student's dependency status, or a change in the financial circumstances of the family or student

Award Letter

Notifies student financial aid applicants that they have qualified for federal financial aid and informs them of the assistance being offered. The award letter usually gives information on the types and amounts of aid offered, as well as specific program information, student responsibilities, and the conditions which govern the award. Generally, the award letter gives students the opportunity to accept or decline the aid offered. Also referred to as award notification.

Award Packaging

(See Packaging).

Award Year

The period of time from July 1 of one year through June 30 of the following year.

Base Year

The 12-month period ending on the December 31st preceding the award year. For example, calendar year 1989 is the base year for the 1990-91 award year.

Basic Educational Opportunity Grant (BEOG)

An undergraduate Title IV grant program, renamed the Pell Grant in 1980.

Batch Report

(See IPS Batch Report).

Bill	Most proposed legislative measures before Congress are in the form of bills and are designated as HR (House of Representatives) or S (Senate), according to the house in which they originate, and by a number assigned in the order in which they were introduced, starting from the beginning of each 2-year congressional term. Public Bills become Public Laws, if approved by the Congress and signed by the President.
Billing Service	A business organization that services loan accounts (billing and/or receipting) for lenders. A fee is charged for the service.
Blue Book	Developed by ED, the full title is "The Blue Book: Accounting, Recordkeeping, and Reporting by Postsecondary Educational Schools for Federally-Funded Student Financial Aid Programs." In conducting an audit, a school and its auditor or auditing firm should use the Blue Book as well as ED's Audit Guide for Student Financial Assistance Programs.
Board	Cost of food allowance or meal plan.
Bookkeeping	The process of analyzing, classifying, and recording transactions in accordance with a preconceived plan to provide a means by which an organization's business may be conducted in an orderly fashion and to establish a basis for reporting the financial condition of an organization and the results of its operation. Two methods of bookkeeping are in use. Those are single entry and double entry methods. They are listed separately in this appendix.
Budget Committees	The House and Senate committees that prepare budget resolutions which determine the level of funding for all federal programs. Each respective committee holds hearings and reviews projections from Executive Departments, Office of Management and Budget, and Congressional Budget Office.
Budget Resolution (as in first and second budget resolution)	The measure which determines the federal budget in total. The First Budget Resolution, generally passed in April or May, sets ceilings or spending targets for all federal programs. Its figures are not binding. The Second Budget Resolution, generally passed in August or September, sets the limits of federal budget expenditures for the upcoming fiscal year, which starts on October 1.

Business Assets	Property that is used in the operation of a trade or business including real estate, inventories, buildings, machinery and other equipment, patents, franchise rights, and copyrights. Considered in determining a family's expected contribution.
Business Office	The office responsible for financial accounting for an institution, including Title IV aid program activity. The office disburses award payments to students and student accounts, and processes loan checks. It is sometimes referred to as the fiscal office, finance office, comptroller's office, bursar's office, or student accounts office.
Campus-based Programs	The term applied to three federal Title IV student aid programs administered by eligible institutions of postsecondary education. These programs are the Perkins Loan, College Work-Study, and Supplemental Educational Opportunity Grant programs.
Cancellation of Loan	The condition that exists when a borrower has fulfilled specified requirements to permit cancellation of the borrower's obligation to repay a designated portion of principal and interest.
Carry Forward/Carry Back	A special provision of the College Work-Study program which allows an institution to transfer up to 10% of its annual allocation back to the previous award year or forward to the next award year.
Cash Advance	A transfer of funds from a federal agency (U.S. Treasury or Federal Reserve Bank) to the institution.
Cash Pooling	The depositing of federal funds for the Title IV aid programs in a single bank account, which is non-interest bearing, except in the case of funds for the Perkins Loan program.
Federal Student Aid Central Processing System (CPS)	The system used by the Department of Education that processes all Title IV student application data, calculating the Pell Grant PGI and Congressional Methodology FC. The CPS was known, prior to 1990-91, as the Federal Student Application Processing System and also as the Pell Grant Application Processing System.
Certificate of Citizenship	A document provided by an individual not born in the U.S. which certifies U.S. citizenship.

Certificate of Naturalization	A document provided by an individual not born in the U.S. which certifies naturalized U.S. citizenship.
Certified Need Analysis System	A system which has been certified by ED as capable of accurately calculating expected family contributions (EFC's). The June 27, 1989 <i>Federal Register</i> contains a list of need analysis systems certified for the 1989-90 award year. If you use one of these systems to calculate an EFC campus-based and Stafford Loan programs, you can be sure that the EFC has been calculated in accordance with the statute.
Chart of Accounts	A list of account numbers and account titles systematically arranged to aid institutions in identifying accounts that are used in their fiscal management system, that are included in ledgers, and that form the foundation for the reporting process.
Clock Hour	The equivalent of either a 50- to 60-minute class, lecture, or recitation or a 50- to 60-minute faculty-supervised laboratory, shop training, or internship.
Clock-hour Schools	Institutions which measure academic programs in clock hours (50- or 60-minute class, lecture, or recitation; or 50- or 60-minute faculty-supervised laboratory, shop training, or internship).
Closing	The process of preparing, entering, and posting closing entries. A closing entry is a journal entry in which balances in revenue and expense accounts are eliminated at the end of the accounting period (calendar year or fiscal year). Because the revenue and expense accounts provide the information for the statement of operations of a given accounting period, it is essential that these accounts have zero balances at the beginning of each new period. Asset, liability, and fund balance accounts are not closed at the end of the accounting period, as their balances carry over to the new period.
Code of Federal Regulations (CFR)	The compilation of all federal regulations and rules of procedure. Regulations implementing Title IV programs appear as 34 CFR.
Collection Costs	The reasonable costs incurred by the use of a commercial skiptrace agency or collection firm or agency in an attempt to recover loan funds.

Collection Firm	A business organization that accepts from a lender loan accounts that have become delinquent or are in default and attempts to collect on those accounts. A fee is charged for the service. Also includes the term collection agency.
College Work-Study (CWS) program	A federally-funded employment program which provides jobs for students who are in need of such earnings to meet a portion of their educational expenses.
Co-maker	One of two individuals who are joint borrowers on a loan and who are equally liable for repayment of the loan.
Comment Period	A period, usually of 45 or 60 days, from the first publication of a Notice of Proposed Rulemaking in the Federal Register. During this time, interested parties are invited to submit comments regarding the proposed regulations.
Comments and Responses	A section of a final regulation package published in the Federal Register which summarizes comments received from the public regarding proposed regulations. The responses of the Secretary of Education to these comments are also included. (This section may be part of the Preamble, which introduces the final regulations and gives the effective dates and a summary of major provisions of the regulations.)
Community Service Learning	An institution may use up to 10% of its CWS funds to employ students in CSL activities. The jobs develop, (CSL) program improve, and expand community services for low-income individuals and families to improve the quality of their lives.
Community Service Learning-Job Location and Development (CSLJLD) program	<i>(See Job Location and Development programs).</i>
Commuting Student	A student not residing in housing provided by the postsecondary institution the student is attending.
Conference Committee	Members of the House of Representatives and the Senate who meet to reconcile differences between the two houses' versions of a bill. Conference committee members are appointed by the Speaker of the House and the President of the Senate (Vice-President of the United States).

Conflicting Documentation	Inconsistent information within the institution's records or noted on the Student Aid Report (SAR) which may indicate an error in the information used to calculate the student's expected family contribution or Pell Grant Index.
Congressional Methodology (CM)	A statutory methodology established by Congress for use in determining a student's expected family contribution (EFC). The EFC for these purposes is known as the family contribution (FC) which is used in need analysis to determine eligibility for the campus-based and Stafford Loan programs.
Consolidation Loan	A loan which the Student Loan Marketing Association or other eligible lenders offer. The loan combines loans made to students under the Title IV programs and the Health Professions Student Loan (HPSL) Program.
Continuing Resolution	A joint agreement to continue appropriations for specified government agencies at rates generally based on their previous fiscal year's appropriation level, when Congress has not yet enacted an appropriation bill for those agencies for the fiscal year in effect. It must pass both houses and be signed by the President.
Continuing Year (CY)	The second or subsequent Supplemental Educational Opportunity Grant(s) (SEOG) awarded to a student. This designation was discontinued after the 1986-87 award year.
Contra Account	The other side of an account. When used in "T" account diagrams, the term "contra account" refers to the other part of the entry. For example, if the Cash Control, ED/PMS account is debited, the contra account (the account to be credited) might be Accounts Receivable, ED/PMS. If Cash Control, ED/PMS is credited, the contra account to be debited might be Expended Funds, ED/PMS.
Contribution from Earnings	An expected contribution which is a percentage of a dependent student's base year earnings or a minimum dollar amount the student is expected to contribute.
Control Account	An account usually kept as a ledger account in which posting occurs simultaneously to a number of identical, similar, or related accounts, usually called subsidiary ledger accounts. When these subsidiary ledger account balances are all summed up, that total should agree with

the balance in the control account. A familiar example is accounts receivable. When several students have a receivable balance in the subsidiary accounts (an accounts receivable system) the sum of the balances for all the students agrees with the total in the general ledger, control account.

Core Form	The portion of an MDE need analysis application which contains the federal elements used to determine need under the Pell Grant Formula and Congressional Methodology. The non-federal data elements on MDE applications appear separately.
Corrective Action Plan	A written plan an institution submits to ED, as required by an ED official, an administrative law judge, or the Secretary of Education. In this plan this institution explains what reasonable and appropriate steps it will take to remedy a violation of applicable laws, regulations, special arrangements, agreements, or limitations on present or prior audit findings.
Correspondence Course or Program	A course or program of study completed in written lessons, outside a normal institutional setting. Some correspondence programs require a period of residential training.
Cost Basis	The basic accounting under which incomes and liabilities are recorded when cash expenditures are made or when cash revenue is actually received.
Cost of Attendance (COA)	Those charges and allowances established by the institution that are applicable to students for attendance for one academic year. Generally, the COA includes tuition and fees, allowances for room and board, books, supplies, transportation, and miscellaneous expenses, child care, dependent care, and certain handicap-related expenses. There are significant differences between these components in the Pell Grant program, and the campus-based, and Stafford Loan programs. The term cost of attendance is often used for cost of education.
Cost of Education	The term cost of education is often used interchangeably with cost of attendance. Prior to the 1988-89 award year, the Pell Grant program had a specific definition of cost of education. (<i>See Cost of Attendance</i>).
Credit-hour Program	An academic program that measures progress by completion of courses assigned specific numbers of credit hours.

Debt Management Counseling	Counseling for students on the subject of assuming debt and accumulated indebtedness. It includes a projection of the expected monthly payments and the length of repayment for student loans.
Default	The failure of a borrower either to make an installment payment when it is due under the Perkins loan program or the payments due within 120 days under the Stafford loan program or to comply with other terms of the promissory note.
Deferment of Loan	A period during which the repayment of the principal amount of the loan is suspended as a result of the borrower meeting one of a number of requirements established by law. During this period, frequently Perkins Loan or NDSL borrowers and most Stafford loan borrowers will not have to pay interest on the loan. Most students who borrow under the Stafford loan and SLS programs are entitled to the same authorized deferments; parent PLUS borrowers are entitled to a more limited set of deferments. (Prior to the passage of the Higher Education Amendments of 1986, independent undergraduate students were allowed to borrow under the PLUS program. These student borrowers were allowed the same deferments as those offered under the Stafford Loan and SLS programs.)
Delinquent Borrower	A Stafford Loan borrower who has failed to make an installment payment on its due date.
Deobligate	Action by ED to reduce all or part of an institution's authorization for a program. Deobligation usually results from an institution's release of funds that will not be spent during the period for which they were authorized.
Department of Education/Payment Management System (ED/PMS)	A financial management and grants payment system maintained by ED's Financial Management Service.
Departmental Scholarship	An award of gift assistance that is specifically designated for a recipient in a particular department within the school, college, or university. It may or may not be a need-based award.

Disbursement	The process by which financial aid funds are made available to students for use in meeting educational and related living expenses.
Discharge Due To Bankruptcy	Release from a loan obligation by action of a bankruptcy court. For Stafford, SLS, or PLUS loans discharged in bankruptcy, the Department of Education repays the amount owed by the borrower to the lender or guarantee agency. For Perkins Loans, the Department does not reimburse the institution for cancellation of loans due to bankruptcy.
Disclosure Statement	A statement sent to the borrower by the lender before or at the time it disburses a loan, as well as at, or prior to, the beginning of the repayment period. The purpose of the disclosures is to provide borrowers with thorough and adequate information about the terms of the loan and the consequences of default, including such provisions as: amount of the loan, interest rate, fee charges, length of the grace period (if any), the maximum length of repayment and the minimum annual repayment, deferment conditions, and the definition of default.
Discretionary Items	Applicant data items used to determine a student's eligibility for federal financial aid that are not required by the regulations to be verified. It is the financial aid administrator's option to verify, on a student-by-student basis, any or all of these items.
Dislocated Worker	A person must be certified as a Dislocated Worker by the state. Generally, a dislocated worker means a person who (a) has been laid off or whose employment has been terminated; (b) has been laid off as the result of the permanent closure of a plant or other facility; or (c) was self-employed but is now unemployed because of poor economic conditions in the community or a natural disaster (this includes farmers).
Displaced Homemaker	Generally, a displaced homemaker means a person who (a) has not worked in the labor force for a substantial number of years (approximately 5 years or more) but has, during those years, worked in the home providing unpaid services for family members; (b) has been dependent on public assistance or on the income of another family member, but is no longer receiving that income, or is receiving public assistance because of dependent children in the home; and (c) is unemployed

or underemployed and is experiencing difficulty in obtaining or upgrading employment.

**Division of Eligibility
and Certification (DEC)**

An organizational unit in ED responsible for determining the eligibility of educational institutions to participate in the student financial aid programs under Title IV.

Documentation

Written statements explaining the logic and/or the steps followed which resulted in a specific action taken, given the particular set of circumstances. (*See Acceptable Documentation*).

**Double Entry
Bookkeeping**

The method usually followed by organizations for recording transactions. Each transaction involves a two-way, self-balancing journal entry, with equal debit and credit amounts. This entry is then posted from the journal to the corresponding ledger accounts involved.

Due Diligence

Full and timely disclosure to student borrowers of their rights and obligations through personal entrance and exit interviews; and the use of extensive, persistent, and forceful procedures for the making, servicing, and collection of loans.

Duplicate

A category of Processed Payment data which represents duplicates of Accepted without Change or Assumption an institution already sent to the central processing facility for Pell Grants. An institution should keep these documents in its files. They should not be resubmitted unless the award year data changes.

Edit Checks

A series of data tests run by an automated processing system on financial aid applications. These tests look for and report incomplete or inconsistent data on the application. Edit checks (also known as edits) are one mechanism used to select applications for verification. Edit checks are also part of the processing of an institution's FISAP.

Educational Benefits

Funds, primarily federal, awarded to certain students--veterans, children of deceased veterans or other deceased wage earners, and students with physical handicaps--to help finance their postsecondary education without regard to financial need.

**Electronic Data Exchange
(EDE)**

Formerly Pell Electronic Data Exchange (PEDE). A Department of Education process that enables institutions to transmit and receive Pell Grant Student

Aid Reports, history corrections, and payment vouchers electronically via a telecommunications network directly to the Central Processing System.

Electronic FISAP

The computer-generated process of FISAP preparation and submission an institution performs. Institutions have two options to choose from: 1) a personal computer or 2) a mainframe computer. FISAP application data is edited at institution's own computer.

Electronic Need Analysis System (ENAS)

An electronic initiative from the Department of Education used to calculate an Expected Family Contribution using either the Pell Grant or Congressional Methodologies on floppy disk.

Electronic Processed Applicant Record (EPAR)

Data to be printed in the Electronic Student Aid Report (ESAR). The Electronic Processed Applicant Record will be generated by the Department of Education's Central Processing System (CPS) through the Electronic Data Exchange program. CPS will electronically send full applicant data, information on reject reasons, comments, and assumptions to institutions on the EPAR.

Eligibility Letter

A letter sent to an institution by ED's Division of Eligibility and Certification that allows an institution to apply for participation in the Title IV aid programs.

Eligible Institution

An educational institution or vocational school which meets all the criteria for participation in the federal student aid programs and has received an Eligibility Letter and countersigned copy of the Program Participation Agreement. According to General Provisions regulations, the following may be eligible institutions: public or private nonprofit institutions of higher education; proprietary institutions; and postsecondary vocational institutions. According to GSL regulations, institutions of higher education, vocational schools, and some foreign institutions may be eligible institutions.

Eligible Noncitizen

A student aid applicant who is not a U.S. citizen, but is eligible to receive Title IV assistance. Conditions which allow noncitizens to be considered for Title IV funds are listed in the Federal Student Financial Aid Handbook.

Eligible Program

A program of education or training which meets the regulatory requirements for participation in the Title IV programs.

Eligible Student	The topic is discussed in Module 6, <i>General Student Eligibility, in A Self-Instructional Course in Student Financial Aid Administration</i> (See Appendix C, <i>The Blue Book Key Resources</i>).
Employment Expense Offset	An allowance in the determination of the expected family contribution or Pell eligibility. The allowance can be used to meet additional expenses relating to employment when both parents are employed or when one parent qualifies as a surviving spouse or as head of a household under Section 2 of the Internal Revenue Code.
Endorser	An individual who is secondarily liable for a loan obligation.
Enrolled	The completion of registration requirements at the institution the student is attending and commencement of the attendance period. A correspondence school student must be accepted for admission and must complete and submit one lesson to be considered enrolled.
Enrollment Status	At those institutions using semesters, trimesters, quarters, or other academic terms and measuring progress by credit hours, enrollment status equals a student's credit-hour courseload categorized as either full-time, three-quarter time, or half-time. Clock-hour institutions and institutions using credit hours, but not standard terms, must ensure that Pell Grant and GSL loan recipients meet the minimum half-time enrollment requirement, but these institutions are not required to determine three-quarter or full-time enrollment status.
Entrance Interview (for the compliance audit)	A meeting prior to the beginning of an audit between the auditor and institutional administrative officials involved in the audit. Operating rules, an agenda, and a schedule for the on-site work are established. A similar interview is conducted by a federal official conducting a program review.
Estimated PGI and FC	If a student supplies incomplete data, the ED central processor will not calculate an EFC. However, some MDE processors may calculate an estimated EFC (PGI and FC). Estimated EFC's may be used only to estimate students' aid packages--disbursements cannot be made based on estimated EFC's. Students can convert

estimated EFC's to official EFC's by supplying complete or corrected data to the CPS using Part 2 of the SAR.

**Estimated Student
Financial Assistance**

For a Stafford loan, SLS, or PLUS loan, the estimated amount of assistance for the period the loan is sought that a school is aware a student will be or has been awarded in federal, state, or privately supported scholarship, grant, work or loan programs, including veterans educational and Social Security benefits.

**Exit Interview
(student borrower)**

Each institution participating in the GSL and Perkins Loan programs must offer special counseling often called "exit counseling." The institution must offer this counseling through exit interviews with individuals or groups of borrowers before they leave the institution. If students leave the institution before exit counseling is given, the institution must send them the information at their last known address. Exit counseling must include (a) general information on the average indebtedness of students at the institution; (b) a repayment schedule projecting average monthly repayments at the student's interest rate; and (c) a review of options for repayment and management of the debt (loan consolidation, refinancing, etc.).

**Exit Interview
(for the compliance audit)**

A closing meeting following the completion of the audit between the auditor and institutional administrative officials involved in the audit. General audit findings and conclusions which will be included in the audit report are discussed. A similar interview is conducted by a federal official conducting a program review.

Expected Disbursement

The sum of all expected Pell Grant payments to a student during an award year.

**Expected Family
Contribution (EFC)**

The figure which indicates how much of a family's financial resources should be available to help pay the expenses of postsecondary education. This figure is determined according to statutory formulas. The Pell Grant program calls the EFC the Pell Grant Index (PGI). The Congressional Methodology calls the EFC the Family Contribution (FC) for the campus-based and Stafford Loan programs.

Family Contribution (FC)

The Congressional Methodology formula determines a figure which indicates how much of a family's financial resources should be available to help pay for school. This figure is used to determine the eligibility for aid

	from the campus-based and Stafford loan programs for a student from that family.
Family Contribution Schedule (FCS)	A statutory needs analysis methodology established by Congress for use in determining a student's expected family contribution (Pell Grant Index or PGI) for Pell Grant purposes. The PGI is used to determine eligibility for a Pell Grant.
Family Financial Statement (FFS)	The MDE financial aid application produced by the American College Testing Program.
Family Size Offset	An allowance in Pell Grant need analysis to meet the basic subsistence expenses of a family, including food, shelter, clothing, and other basic needs. This allowance is based on the number of persons in the household.
Federal Audit	An audit conducted by an officer of a federal agency such as the Department of Education's Office of Inspector General (OIG).
Federal Capital Contribution (FCC)	The portion of a Perkins Loan Fund allocated to an institution by the federal government.
Federal Cash Transaction Report	The ED/PMS 272 Federal Cash Transaction Report. (<i>See Quarterly Reports</i>).
Federal Register	The government publication, published each weekday (except federal holidays), which lists regulations, regulatory amendments, notices, and proposed regulatory changes for all federal executive agencies. The Department of Education sends reprints of excerpts from the <i>Federal Register</i> pertaining to student financial aid to all schools participating in Title IV programs.
FED WIRE	<p>The term FED WIRE refers to two electronic funds transfer systems. The Federal Reserve Communications System transfers funds through this System to deposit directly in an institution's account. It is based on a direct call made by the recipient to ED/PMS.</p> <p>The other FED WIRE system is the U.S. Treasury Department's Financial Communication System (TFCS) Deposit Message Retrieval System (DMRS). This System is used by an institution to return funds to ED, including: 1) a liability or combination of liabilities totalling \$100,000 or more for a prior award year, except for some Perkins Loan liabilities; 2) excess cash in, or</p>

liquidation of, the Perkins Loan Fund; and 3) ED proposed or assessed fines of \$100,000 or more.

Fees	To be included as an element of the cost of attendance, fees must be mandatory, institution-based charges required as part of a student's program of study and charged to all students.
Final Letter of Determination	The Letter is sent to an institution by ED as a result of an independent audit. It outlines the specific steps which an institution must take to reimburse ED for improperly spent funds and to adjust both institutional and ED records and reports.
Final Regulations	Rules published in the <i>Federal Register</i> . Final Regulations, which have the force of law, usually take effect 45 days after the date of publication.
Final Summary Letter	The Letter is sent to an institution by ED as a result of a program review. It outlines the specific steps which an institution must take to reimburse ED for improperly spent funds and to adjust both institutional and ED records and reports.
Financial Aid Application	The input form completed by an applicant and family for one of the need analysis systems. This type of document is the foundation for all need analysis computations.
Financial Aid Award	An offer of financial or in-kind assistance to a student attending a postsecondary educational institution. This award may be in the form of one or more of the following types of financial aid: a repayable loan, a nonrepayable grant and/or scholarship, or student employment.
Financial Aid Form (FAF)	The MDE financial aid application produced by the College Scholarship Service.
Financial Aid Package	An offer by an educational institution to a student aid applicant of one or more forms of financial aid (loans, grants and/or scholarships, employment).
Financial Aid Packaging	(See <i>Packaging</i>).
Financial Aid Transcript (FAT)	A form used by educational institutions to collect data about Title IV and other financial aid received by a student at other educational institutions.

Financial Need	The difference between the institution's cost of attendance and the family's ability to pay (the expected family contribution).
Financial Responsibility	An institution must meet this requirement to participate in the Title IV federal student aid programs. This means it must provide the services listed in official institutional publications, provide the administrative resources to comply with the General Provisions regulations, meet all financial obligations, and provide adequate bond coverage for employees who are responsible for funds of those programs.
Fiscal Operations	Activities related to the management and completion of financial transactions. The management of funds, including student accounts, is the primary responsibility of an institution's business office.
Fiscal Operations Report and Application to Participate (FISAP)	The annual application an institution sends to ED to request funding levels for the campus-based programs in the upcoming award year. It is also the annual report of an institution's expenditures in those programs in the preceding award year.
Floppy Disk Data Exchange	An electronic initiative from ED used for transmitting and correcting Pell Grant payment data between an institution and ED via floppy disk.
Forbearance	The lender's option of giving a temporary cessation of payments of Stafford, SLS, or PLUS loans, allowing an extension of time for making payments, or accepting smaller payments than were previously scheduled. Forbearance may be given for circumstances which are not covered by deferment, and is usually given in situations where personal problems, such as hospitalization or short-term employment, affect the borrower's ability to meet loan payment obligations.
Form G-641	Application for Verification of Information from the U.S. Immigration and Naturalization Service (INS) records, a form letter which the INS may complete at the student's request. It contains information about the student's citizenship. This form is being phased out. It is replaced by Form G-845.
Forward Funding	The appropriation of funds prior to the award year in which they will be disbursed. In Title IV programs, forward funding allows participating institutions to process applications and make awards based on an

established funding level. Note: the guaranteed student loans are not forward funded.

**Full Data Element
Formula**

A formula that uses the full range of data elements in calculating the student's FC under the CM or the PGI under the FCS methodology. Also called the "regular formula."

Full-time Student

In general, one who is taking a minimum of 12 semester or quarter hours per academic term in institutions with standard academic terms, or 24 clock hours per week in institutions which measure progress in terms of clock hours.

Fund

A fund is a self-balancing group of accounts: assets, liabilities, revenues, expenses, and a fund balance. Funds separated in an institution's books are limited to specific uses. The funds illustrated in the *Blue Book* are all accounted for using a double-entry bookkeeping system. "Restricted Fund" means that the use of the fund has been restricted to some activity by donors and/or other external agencies. Whereas, "Unrestricted Fund" means the fund is not so restricted and is used for the primary and supporting missions of the institution's operations.

**General Education
Development Certificate
(GED)**

A nationally recognized equivalent of a high school diploma, granted after a student has passed a standardized examination.

**General Electronic
Support (GES)**

A private contractor selected by ED which is responsible for the electronic connections between the Central Processing System and the INS and Selective Service matches, and links institutions using Electronic Data Exchange (EDE) with the CPS.

**General Institutional
Eligibility Requirements**

Regulations governing institutional eligibility to apply for participation in Title IV programs. General eligibility requirements are established by statutory definition and refer to location, student admissions policy, authorization to provide a postsecondary educational program, accreditation, types, lengths, and levels of educational programs within the institution, and the type of control and age of the institution.

Gift Aid

Those forms of financial aid which require neither repayment nor that work be performed.

Grace Period	Usually the period of time that begins when a loan recipient ceases to be at least a half-time student and ends when the repayment period starts. The loan principal and interest need not be paid by the student during the grace period.
Grant (programs)	Gift aid programs which require neither repayment nor that work be performed. Federal Title IV grant programs include the Pell Grant, State Student Incentive Grant, and the Supplemental Educational Opportunity Grant.
Gross Need	The difference between a student's cost of attendance (student budget) and the family's expected contribution from income and assets.
Guarantee Agency	A state agency or private, nonprofit institution or organization which administers the Stafford Loan, SLS, and PLUS programs.
Guaranteed Student Loan Programs	The term used when collectively referring to the Stafford Loan, Supplemental Loans to Students (SLS), PLUS and Consolidation Loan Programs.
Half-time Student	For the Stafford Loan, SLS, and PLUS programs, a student who is carrying a half-time academic workload as determined by the school, which amounts to at least one-half the workload of a full-time student. For the remaining Title IV programs, an enrolled student carrying a half-time academic workload as determined by the institution, generally equalling or exceeding the following minimum requirements: (a) 6 semester, trimester, or quarter hours per academic term; (b) 12 clock hours per week for institutions using clock-hour measurement; (c) 12 semester hours or 18 quarter hours per academic year; or (d) enrollment in an eligible program of correspondence study requiring at least 12 hours of preparation per week.
Hand Calculation	On-campus calculation (manual or by computer program) of the FC or PGI, in contrast to calculation by a service agency or outside processor.
HEGIS	The Higher Education General Information Survey report. See IPEDS.

History Correction	Any correction to the federal data elements/information supplied on either the Application for Federal Student Aid (AFSA) or one of the MDE applications. History corrections may be made either through the SAR, part 2 Information Review or Request Form.
Immediate Need	An institution requests funds to meet their "immediate need" for disbursement of Pell Grant and campus-based Program funds. For institutions under the Monthly Cash Request system, "immediate need" is defined as a 30-day period and for those under ACH/EFT, "immediate need" is a three-day period (under ACH/EFT recipients request funds as needed, e.g., every three days, once a week, etc.).
Immigration and Naturalization Service (INS)	Federal agency responsible for citizenship status and immigration. Only citizens or permanent residents of the United States are eligible for Title IV financial aid.
Incarcerated Students	Students who have been institutionalized by a court order.
Income Contingent Loan (ICL) Demonstration Project	A project in which ED selected ten institutions as the initial participants in a loan program. Yearly repayments will be based on the borrower's previous year's adjusted gross income.
Independent Audit	An audit conducted by an independent public accountant, as defined by the audit standards of the U.S. General Accounting Office, who has been hired by the institution. Also called Nonfederal Audit. (<i>See also Independent Public Accountant</i>).
Independent Public Accountant	An accountant who is either a Certified Public Accountant (CPA), State Auditor, or an accountant licensed before December 31, 1970, who meets the audit independence standards of the U.S. General Accounting Office.
Independent Student	To be classified as an independent student for federal Title IV financial aid, a student must be an individual who (a) is at least 24 years old by December 31 of the award year for which aid is sought; (b) is an orphan or ward of the court; (c) is a veteran of the Armed Forces of the United States; (d) has legal dependents other than a spouse (for example, dependent children or an elderly dependent parent); (e) is a graduate or professional student who will not be claimed as an income tax exemption by his or her parents or guardian for the first

calendar year of the award year (for example, calendar year 1990 for award year 1990-91); (f) is married and will not be claimed as an income tax exemption by his or her parents or guardian for the first calendar year of the award year; or (g) is a single undergraduate student with no dependents who was not claimed as a dependent by his or her parents or guardian for the two calendar years preceding the award year, and who demonstrates total self-sufficiency for those two years as evidenced by annual total resources (taxed and untaxed) of at least \$4,000 in each of those years (for example, calendar years 1988 and 1989 for award year 1990-91). A student may also be determined to be an independent student on the basis of unusual circumstances documented by the aid administrator.

**Information Review
Form/Information
Request Form**

Part 2 of the Student Aid Report (SAR). The student uses Part 2 to make corrections to the federal data elements reported on the need analysis application.

Information Summary

Part 1 of the Student Aid Report (SAR), this informs students of their eligibility for a Pell Grant. Also included in Part 1 is the FC produced by the Congressional Methodology. The Information Summary becomes a part of the student's financial aid file.

**In-house Control
Documents**

The documents an institution uses to meet record requirements for financial aid, to provide the data needed for aid-related reports, and to maintain a clear audit trail.

Initial Year (IY)

The first Supplemental Educational Opportunity Grant (SEOG) awarded and paid to a student by an institution for either (1) an academic year, or (2) a portion of an academic year if the student was not enrolled for the entire year. This designation was discontinued after the 1986-87 award year.

**Institution of Higher
Education**

A public or private nonprofit educational institution located in a state, which (a) admits as regular students only persons with a high school diploma or its recognized equivalent, or persons beyond the age of compulsory school attendance in the state where the institution is located who have the ability to benefit from the training offered; (b) is legally authorized, in the state where it offers postsecondary education, to provide a postsecondary educational program; (c) provides a program leading to an associate, baccalaureate, graduate,

or professional degree, or at least a 2-year program that is acceptable for full credit toward a bachelor's degree, or at least a 1-year training program that leads to a degree or certificate and prepares students for gainful employment in a recognized occupation; (d) is a public institution or a private nonprofit institution to which contributions are tax deductible under section 501(c)(3) of the Internal Revenue Code; and (e) is accredited or preaccredited by a nationally recognized accrediting agency or association, or is a public postsecondary vocational institution approved by a state agency listed by the Department of Education as a reliable authority on the quality of public postsecondary vocational education in that state, or is an institution whose credits the Secretary determines to be accepted on transfer by at least three accredited institutions on the same basis as transfer credits from accredited institutions. Note: An institution of higher education is eligible for all Title IV programs. Note: A student attending an institution of higher education that only participates in the Stafford Loan, SLS, and PLUS programs would not have to demonstrate the ability to benefit. *(See definitions for proprietary institutions of higher education, vocational school, and postsecondary vocational institution).*

Institutional Capital Contribution (ICC)

The portion of the Perkins Loan Fund contributed by an institution. This amount must be equal to at least one-ninth the Federal Capital Contribution.

Institutional Eligibility

A public or private nonprofit institution of higher education, a postsecondary vocational school, or a proprietary institution of higher education which meets all criteria for participation in Title IV federal student aid programs and has received an Eligibility Letter and a countersigned copy of the Program Participation Agreement.

Institutional Liability

Financial penalties or repayments that must be paid to the Department of Education as a result of incorrect institutional action. A liability is the difference between the actual expenditures reported by the institution on the ED/PMS 272 for an Obligation Document Number for the award year and the final allowable expenditures as determined by the auditor, program reviewer, or hearing.

Institutional Payment Summary (IPS)	A transmittal form which accompanies each individual batch of institutionally-completed Pell Grant Payment Documents. The IPS must be submitted at least once in each quarter whether or not it is accompanied by Payment Documents.
Insurance Fee	A fee charged the lender by the guarantee agency. The fee is usually passed on to the student or borrower. In most cases, the lender reduces the amount of the loan check by this amount.
Interest (benefit)	The interest (benefit) payments made by the Department of Education to a lender on behalf of a Stafford loan student. These payments are made by ED at the student's Stafford Loan interest rate only during certain periods: the student's enrollment (at least half-time), the grace period, or any deferment period. Interest benefits are not paid on SLS or PLUS loans.
Interim Disbursement	The single allowable disbursement made to a student who has not completed the verification process. The institution is responsible for recovery of payment if the student does not complete the verification process or if the amount for which the student is eligible changes as a result of verification.
Interim Final Regulations	Regulations, published in the Federal Register, which have the effect of law when published. Interim Final Regulations may appear when there is need for quick action in response to passage of new legislation. In addition, an NPRM may elicit comments which raise further policy questions. In this situation, the Secretary may issue Interim Final Regulations, pending further policy review.
Intermediate (Compute) Values	Individual need analysis elements used in the calculation of the Pell Grant Index (PGI) and the Family Contribution (FC). These values appear on the bottom of the SAR, Part 1, side 1, and include: Adjusted and Effective Family Incomes, Family Size, Unusual Medical Expenses, and Employment Expense Offsets, Discretionary Income, Business, Home and Office Assets, and computed contributions from individual need analysis categories.

Internal Revenue Service	Federal agency responsible for collection of taxes. Student aid application data are verified using IRS information and forms.
IPEDS (Integrated Post-secondary Education Data System)	An annual report to ED filed by the institution. The system was preceded by the Higher Education General Information Survey or HEGIS report.
IPS Batch Report	A report which notifies the institution that ED has completed processing of its IPS submission and summarizes the processing of the batch. It also gives the net adjustment ED made to the payment data and alerts the institution to differences between its records and the data accepted by ED; any differences must be reconciled.
Legislative Amendment	An alteration (revision or change) in a legislative measure, made by formally adding, deleting, or rephrasing the text of the law.
Job Location and Development (JLD) programs	<p>There are two JLD programs. One is the regular Job Location and Development program and the other is the Community Service Learning Job Location and Development (CSLJLD) program.</p> <p>Under the regular JLD program an institution can use up to 10% or \$30,000 of its annual College Work-Study allocation to expand off-campus job opportunities for its currently enrolled students. Jobs may be in either profit or non-profit settings. Students in this program do not have to show financial need or meet other Title IV student eligibility criteria.</p> <p>Under the CSLJLD program an institution may use up to 10% of its CWS allocation or a maximum of \$20,000, whichever is less, to locate and develop Community Service Learning jobs for students.</p>
Journal	<p>A journal is a book of original entry, a chronological record of the debit and credit elements of each transaction. As transactions occur, they are entered initially into the journal. At frequent intervals, such as daily, weekly, or at least monthly, the debits and credits recorded in the journal are transferred (posted) to the individual accounts in the ledger.</p> <p>A typical journal page may look something like this:</p>

(Date)	(Entry and Explanation)	(PR)	(Debit)	(Credit)
9/1/xx	Cash, Pell Grants	1-1	6,000	
	Transfer from ED/PMS--6-1		6,000	
	to transfer funds to			
	Pell Grant accounts for			
	disbursement			

Ledger

A ledger is a book of accounts. Each item of a monetary nature to be included in the reports issued by an organization is assigned an account in the ledger. Posting from the journal to the ledger results in each account having either a debit or credit balance. This debit or credit balance is then shown on the particular report listing this item. Separate ledgers should be maintained for each program or fund.

A typical ledger account in T-account format may look something like this:

CASH, PELL GRANT				Account # 1-1			
(Date)	(Desc)	(PR)	(Debit)	(Date)	(Desc)	(PR)	(Credit)
19xx							
9/17	Cash/ED	6-1	6,000				

(Desc) - Description

(PR) - Posting Reference

A typical ledger account in a computerized data file format may look something like this:

CASH, CWS				
GENERAL LEDGER ACCOUNT 1-1				
Date	Description	DR	CR	DR/[CR] BAL
07/01/X1	Balance Forward			-0-
09/28/X1	From ED/PMS	9,440		9,440
09/28/X1	From Institution	2,108		11,548
09/28/X1	From Off-Campus	240		11,788
09/30/X1	Month End Payroll		10,977	811
09/30/X1	ACA		561	250
10/02/X1	Withholding Taxes		250	-0-

Loan

An advance of funds which is evidenced by a promissory note requiring the recipient to repay the specified amount(s) under the prescribed conditions.

Loan Disclosure Statement	A statement sent to the borrower by the lender before or at the time it disburses a loan, as well as at, or prior to, the beginning of the repayment period. The purpose of these disclosures is to provide borrowers with thorough and adequate information about the terms of the loan and the consequences of default, including such provisions as: amount of the loan, interest rate, fee charges, length of the grace period (if any), the maximum length of the repayment and the minimum annual repayment, deferment conditions, and the definition of default.
Master Calendar	To assure adequate notification and timely delivery of Title IV aid, ED operates on a Master Calendar. This calendar gives specific dates by which federal and Multiple Data Entry forms will be developed and distributed and campus-based and Pell Grant funds will be allocated for an award year.
Matching (fund) Requirement	The requirement that a portion of student aid program funds be contributed by the institution. For Title IV campus-based programs, institutions must contribute an amount equal to one-ninth the federal contribution to the Perkins Loan Fund and, for the 1988-89 award year, at least 20% of the CWS funds. For SEOG, institutions must contribute (for the first time in 1989-90) at least 5% of total SEOG awards.
Matching Share	The requirement that a portion of student aid program funds be contributed by the institution. For the Title IV campus-based programs, institutions must contribute an amount equal to one-ninth the Perkins Loan/NDL Fund and at least 20% of the regular CWS program funds, different shares for other CWS programs (i.e. as in the Job Location and Development programs), and for the 1989-90 award year, at least 5% of the SEOG program funds. Also called matching (fund) requirement.
Merit-based Assistance	Any form of financial aid awarded on the basis of merit, and not based on demonstrated financial need.
Monthly Cash Request (System)	A method of requesting payment whereby an institution submits a monthly cash request to ED, requesting funds to cover its needs for the next thirty-day period. Form PMS 270, Request for Advance or Reimbursement, is used to request the advance or reimbursement payment by Treasury Check.

Multiple Data Entry (MDE)	The mechanism which allows for the incorporation and transmission of Title IV data elements through various approved need analysis data collection documents so that applicants can apply for both the Pell Grant and other financial assistance by completing one form. The MDE transmits the data to the CPS, and students receive their eligibility notifications for a Pell Grant from the MDE.
National Direct Student Loan (NDSL) program	Formerly the National Defense Student Loan program. <i>(Also see Perkins Loan program).</i>
Nationally Recognized Accrediting Agency	An accrediting agency or association which the Secretary of Education determines to be a reliable authority on the quality or association of training offered by educational institutions. The agency grants institutions accreditation status. <i>(See Accrediting Agency.)</i>
Need Analysis	A process used to determine a student applicant's need for financial assistance to help meet his/her educational Cost of attendance.
Need Analysis Report	The output document resulting from one of the financial aid application forms used to calculate the Congressional Methodology family contribution (FC) or the Pell Grant Index (PGI). The most common need analysis reports are the federal Student Aid Report (SAR), the College Scholarship Service's FAFNAR, and the American College Testing Program's CFAR.
Need Analysis Servicer (NAS)	A servicer that produces EFC's for student applicants. <i>(See Certified Need Analysis System).</i>
Need-based Assistance	Any form of financial aid awarded on the basis of demonstrated financial need.
Neophyte	In these materials, we use the term to refer to financial aid administrators whose experience is 2 years or less in the field.
Nonfederal Audit	<i>(See Independent Audit).</i>
Notice of Proposed Rulemaking (NPRM)	Notification in the Federal Register of a new regulation proposed by a governmental agency such as the Department of Education. This Notice begins the comment period which is usually 45 or 60 days, but may range from 30 to 120 days.

Off-campus Agency Match	The payment of the matching fund requirement (for CWS student wages) by the external agency that is employing the student(s).
Office of Student Financial Assistance (OSFA)	The Office of Student Financial Assistance (OSFA) is the branch of the Department of Education having overall responsibility for administering ED student financial aid programs and for developing policies and procedures to meet the objectives of those programs. OSFA has five divisions: Policy and Program Development, Audit and Program Review, Training & Dissemination, Program Operations and Systems, and Field Operations.
Official Notice of Funding	The ED Form 1316-4. It lists final allocation amounts for each campus-based program administered by an institution. It is sent in March to notify an institution of the allocation amounts it will receive for the following award year.
Offsets	<i>(See Allowances).</i>
One-year Program	A program consisting of at least 24 semester/trimester hours or 36 quarter hours at institutions using credit hours to measure progress; 900 clock hours of supervised training at an institution using clock hours to measure progress; or 900 clock hours of preparation in a correspondence program.
Origination Fee	A processing fee calculated on the amount borrowed for a Stafford loan and charged to the student by the lender. This fee (like the insurance premium) is usually subtracted from the amount of the student loan proceeds.
Overaward	The condition which exists when an institution provides financial assistance to a student which, in combination with all of the resources made available to that student from federal and nonfederal sources, exceeds the difference between the student's Cost of attendance and the Expected Family Contribution. While the above defines an overaward, an institution is not in violation of campus-based program regulations which prohibit overawards if: (a) the student receives funds after the institution awards aid and the total resources exceed his/her financial need by \$199 or less; or (b) the student earns more money from employment than the institution anticipated when it made the award and it treats the earnings in accordance with program requirements.

Overpayment	Any amount paid to a student in excess of the amount which the student is entitled to receive. This situation may arise due to a change in enrollment status, withdrawal, or a change in financial situation. In any of these instances, the student would be required to repay excess funds received unless adjustments could be made to the student's aid during subsequent payment periods within the same award year.
Packaging	The process of combining one or more financial aid awards of loans, grants and/or scholarships, and employment to best meet a student's needs.
Parents' Contribution	A quantitative estimate, according to the approved need analysis methodologies, of the parents' ability to contribute to postsecondary educational expenses.
Payment and Disbursement Schedules	Tables showing the Scheduled Pell Grant amounts in an award year for full-time, three-quarter-time, and half-time students. Tables are updated annually based on family contribution, cost of attendance, and the amount of funds available for making Pell Grants.
Payment Period	An institutionally defined length of time for which financial aid funds will be paid to a student. For programs using academic terms, the payment period is the term itself. For programs not using academic terms, institutions must designate at least two payment periods within an academic year.
Payment Reimbursement Method	A method certain institutions must use to request funds from ED. An institution first makes aid disbursements to students and then submits a Form PMS 270, Request for Advance or Reimbursement, to reimburse itself for funds already expended. Payment is by U.S. Treasury check.
Peer Evaluation	An objective review of an institution's policies, procedures and practices by an administrator from another institution or a consultant. Peer evaluations also allow first-hand observations of how comparable institutions carry out financial aid responsibilities.
Payment Voucher (Pell Grant)	The Part 3 of the Student Aid Report (SAR). A form that must be coded with an individual student's payment data at the institution before submission to ED. This applies only to institutions not submitting data

either electronically or through the Floppy Disk or Recipient Data Exchanges.

Pell Grant

A grant program for undergraduate students who have not yet completed a first baccalaureate course of study. It is designed to assist financially needy students with the least ability to contribute towards their basic educational expenses. If a student applies, meets all the eligibility criteria, has been determined to have financial need, and is enrolled in an eligible program at an eligible institution, he/she will receive a Pell Grant.

Formerly it was called the Basic Educational Opportunity Grant (BEOG), but was later renamed for Senator Claiborne Pell, the originator of the legislation.

Pell Grant Disbursement

The amount paid to an eligible student towards his or her Pell Grant for a payment period. The payment is based on submission of a valid SAR to an eligible institution.

Pell (Grant) Electronic Data Exchange (PEDE)

(See Electronic Data Exchange).

Pell Grant Family Contribution Schedule

(See Family Contribution Schedule).

Pell Grant Index (PGI)

The numeric value reported on the Student Aid Report (SAR) that indicates the expected family contribution for the Pell Grant program. It is obtained by using the Pell Grant Family Contribution Schedule methodology of need analysis. (Formerly called the Student Aid Index [SAI].)

Pell Grant Payment Schedule

A chart published annually by the Secretary of Education. It enables the financial aid administrator to relate the full-time cost of attendance to the Pell Grant Index, in order to determine the student's scheduled Pell Grant award.

Perkins Loan or NDSL Program

This program includes the National Direct Student Loans (NDSLs) and the Perkins Loans named for Congressman Carl Perkins. Formerly it was called the National Defense Student Loan program. It provides low-interest student loans to undergraduate or graduate students. The institutions make loans to their students from a fund composed of federal and institutional contributions.

Perkins or NDSL Loan Status Card	The card used by an institution to monitor the historical as well as current status of a student's Perkins Loan or NDSL. It can serve as a "contact" card for collection procedures and can show in-school/out-of-school status, exit interview or deferment status, cancellation transactions, and payment status.
PHEAA Application Form	The Pennsylvania State Grant and Federal Student Aid form (no acronym).
PLUS	The term PLUS stands for Parent Loans for Undergraduate Students. Parents may borrow on behalf of their children who are dependent undergraduate or graduate/professional students. Loans are made by lenders, such as banks, credit unions, or savings and loan associations.
Policy and Procedures Manual	The manual with which an institution can effectively and consistently manage financial aid with written policies and procedures. Although ED does not require institutions to have such a manual, it is recommended.
Posting	The process of transferring the debits and credits from the journal to the proper control and subsidiary ledger accounts. Each amount recorded in the debit column of a journal is posted by entering it on the debit side of the appropriate ledger account, and each amount recorded in the credit column of the journal is posted by entering it on the credit side of the appropriate ledger account.
Postsecondary Institution	An educational institution providing education beyond the high school level. The term is used to refer to trade and technical schools as well as colleges and universities.
Postsecondary Vocational Institution	An educational institution that (a) admits as regular students only persons with a high school diploma or its recognized equivalent, or persons beyond the age of compulsory school attendance in the state where the institution is located who have the ability to benefit from the training offered; (b) is legally authorized, by the state where it offers postsecondary education, to provide a postsecondary educational program; (c) provides at least a 6-month program, leading to a degree or certificate, that prepares students for gainful employment in a recognized occupation; (d) is a public institution or a private nonprofit institution to which contributions are tax deductible under section 501(c)(3) of the Internal Revenue Code; (e) is accredited or

preaccredited by a nationally recognized accrediting agency or association, or is a public postsecondary vocational institution approved by a state agency listed by the Department of Education as a reliable authority on the quality of public postsecondary vocational education in that state, or is an institution whose credits the Secretary determines to be accepted on transfer by at least three accredited institutions on the same basis as transfer credits from accredited institutions; and (f) has been giving instruction for at least 2 years. (*See definition for Vocational School.*)

Primary PGI and FC

If a student who qualifies for the Simplified Needs Test fills out the Supplemental Information page on the AFSA or supplies complete information on an MDE application, the processor will calculate primary and secondary EFC's. The primary PGI and FC appear in the upper right-hand corner on Parts 1 and 2 of the SAR. If the applicant qualified for the Simplified Needs Test, the primary EFC (PGI and FC) will be from the simplified formula. The secondary PGI and FC, if any, will appear in the heading of the "School Use" box on Part 2 of the SAR. A secondary EFC is calculated with the full data element formula if the applicant qualified for the Simplified Needs Test but also provided enough information for the full data element (regular) formula. In awarding aid, the aid administrator may use either the primary or the secondary PGI, and either the primary or the secondary FC.

Principal and Interest

Principal refers to the loan amount borrowed; and interest refers to the amount charged for the use of the money over a period of years. Interest is usually stated as a percent.

Prior Year Recoveries

The funds an institution recovers in a given award year from funds disbursed in prior award years. Institutions must adjust award expenditures and administrative cost allowance for the award year the recovery was made.

Processed Payment Voucher

The document the central processing facility for Pell Grants returns to the institution that reflects the status of reported payment data. There are four categories of vouchers: Accepted with Assumptions, Accepted without Change or Assumptions, Duplicate, or Rejected.

Professional Judgment	Professional judgment is the ability of the financial aid administrator to make discretionary changes to individual federal data elements, to the Congressional Methodology itself, or to the end product. Professional judgment is used to reflect a more accurate assessment of the family's financial condition. Professional judgment decisions must be made on an individual case-by-case basis, and the reasons must be documented in the student's file. For the 1990-91 award year, there is no provision for professional judgment changes to the Pell Grant formula. Refer to "Special Conditions."
Program Authorization	<i>(See Authorization [spending]).</i>
Program Participation Agreement	A written agreement that an institution and the Secretary of Education must sign. It permits the institution to participate in one or more of the Title IV federal student aid programs, other than the State Student Incentive Grant (SSIG). This agreement makes the initial and continued eligibility of the institution to participate in the Title IV programs conditional upon compliance with the provisions of the applicable laws and program regulations.
Program Review	The process in which the activities of one or more of the financial aid programs of an institution are reviewed by the Department of Education to assess compliance with federal law and regulations and institutional policy. The review may also include a review of management and administrative capabilities.
Program Review Exceptions	Those institutional policies, procedures, or actions relative to student financial aid programs which have been cited in a program review report as being contrary to the laws or regulations governing such programs.
Promissory Note	The legal document the student signs when obtaining a student loan. It lists the conditions under which the loan is made and the terms under which the student borrower agrees to pay back the loan.
Proprietary Institution of Higher Education	An educational institution other than a public or private nonprofit institution located in a state which (a) admits as regular students only persons with a high school diploma or its recognized equivalent, or persons beyond the age of compulsory school attendance in the state where the institution is located who have the

ability to benefit from the training offered; (b) is legally authorized, by the state where it offers postsecondary education, to provide a postsecondary educational program; (c) provides at least a 6-month program of training, leading to a degree or certificate, that prepares students for gainful employment in a recognized occupation; (d) is accredited by a nationally recognized accrediting agency or association; and (e) has been giving postsecondary instruction (and has been legally authorized to give postsecondary instruction) for at least 2 years. *(See also Vocational School, Postsecondary Vocational Institution, and Institution of Higher Education).*

Public Inquiry Contractor (PIC)	The private contractor selected by ED to handle both correspondence and telephone inquiries from students who have questions about federal student aid in general and the status of their Title IV application. The PIC will also handle requests for duplicate SARs. A toll free number is provided to field general information questions ((800) 333-INFO); and a toll number is provided for specific questions about the status of an individual application and Requests for Duplicate SARs ((301) 722-9200).
Quality Assurance	The periodic verification, audit, or evaluation of a quality control system by an independent third party to ensure that it is adequate and effective.
Quality Control	A process by which an institution establishes a system for checking the overall quality and accuracy of its campus-wide student aid administration.
Quarter	A standard academic term, usually 10-12 weeks in length. At institutions using quarters to measure student progress, an academic year is defined as the period of time a full-time student is expected to complete the equivalent of three quarters. (For fiscal reporting, the quarters in the Title IV award year are July through September, October through December, January through March, and April through June.)
Quarterly Reports	The automated reports ED sends to institutions at the end of each quarter during a federal fiscal year. They are otherwise known as ED/PMS 272 Reports. An institution completes certain portions from the Reports and returns them to ED to reflect disbursements and recoveries for both the Pell Grant and campus-based programs.

Reauthorization	The legislative process, generally carried on every 4 to 5 years in the case of the Higher Education Act, whereby Congress reviews and either renews, terminates, or amends existing programs.
Recipient Data Exchange (RDE)	A procedure for transmitting Pell Grant payment data between an institution and ED via a machine-readable magnetic tape handled by computer systems.
Reconciliation of Cash	The confirmation that cash shown in the accounting records is in agreement with the amount shown in the bank statement. Through prompt and thorough performance of the cash reconciliation duties, the system of the internal control of cash will be enhanced.
Reconciliation of Federal Funds	The balancing of funds received from the inception of the Title IV federal student financial aid programs at an institution to the totals currently recorded in the accounts at that same institution. This process should include a yearly determination to check agreement of reported expenditures between the trial balance, ED/PMS, Student Payment Summary, FISAP, and the audit.
Refund	A refund by an institution means the amount paid for institutional charges for a payment period, minus the amount retained by the institution for the portion of the payment period that the student was actually enrolled at the institution.
Refund Policy	The institutionally-established policy which determines the conditions under which a student is entitled to a refund of payments made to an institution.
Regular Student	A person who is enrolled or accepted for enrollment at a postsecondary institution for the purpose of obtaining a degree or certificate.
Rejected (Applicant Data)	An applicant record meeting certain ED edits because of missing or inconsistent data. SARs produced from rejected data do not contain computed results and must be corrected for a student to be considered for a Pell Grant.
Rejected (Payment Data)	A category of Processed Payment data which contains unacceptable information. An institution must correct these records and resubmit them to the central processing facility for Pell Grants.

Repayment on a Grant	The amount due from a student to federal student aid fund accounts because of a change in enrollment status, total withdrawal, or change in financial situation. This may be a partial or total repayment of Pell Grant, SEOG, or SSIG funds and may take the form of (a) an adjustment to a student's account to recover grant funds previously credited or (b) a direct repayment from the student for funds disbursed for living and other education-related expenses.
Repayment Plan	A plan which sets forth the principal and interest due in each installment and the number of payments required to pay the loan in full. Additionally, it should include the interest rate, the due date of the first payment, and the frequency of payments.
Repayment Period	The period during which the borrower (student or parent) repays a loan.
Repayment Schedule	A plan which sets forth the principal and interest due in each installment and the number of payments required to pay the loan in full. Additionally, it should include the interest rate, the due date of the first payment, and the frequency of payments.
Request for Duplicate	Students may request duplicate SARs from their MDE. There is no form, per se, and students may request a duplicate SAR either by telephone or letter directly from the appropriate MDE or the Public Inquiry Contractor (PIC).
Request for Information Transfer (RIT)	Students may request that the federal data from the applications be transferred from one MDE to another. A Request for Information Transfer (RIT) form or the Student Aid Report (SAR) may be used to "RIT" information.
Rescission	The act of repealing a previous appropriation.
Resident Student	A student who does not live at home (with parents or guardian) during the academic year. An on-campus resident is one who lives in housing facilities owned and/or maintained by the institution.

Resources	For purposes of determining awards and overpayments in the campus-based programs, resources include, but are not limited to, (a) any funds the student is entitled to receive from a Pell Grant, regardless of whether the student applies for it; (b) waiver of tuition and fees; (c) scholarship or grant, including an SEOG or athletic scholarship; (d) fellowship or assistantship; (e) insurance programs for the student's education; (f) SLS, PLUS, state-sponsored, or private loan proceeds not used as a substitute for the EFC; (g) long-term loans, including Perkins Loans but excluding Stafford loans, SLS, and PLUS, made by the institution; (h) net earnings from need-based employment ("net earnings" means gross earnings minus taxes and job related costs); and (i) veterans and Social Security benefits (except that part included in the calculation of the student's EFC).
Robert C. Byrd Honors Scholarship	A Title IV aid program scholarship made available to full-time students who have demonstrated outstanding academic achievement and show promise of continued academic achievement. Students apply through their appropriate state educational agency.
Room	Cost of on-campus residential or off-campus housing.
Satisfactory Academic Progress	The regulations require that a student be making satisfactory academic progress to receive Title IV aid. Satisfactory academic progress is a term used to describe a satisfactory rate of course completion. To monitor academic progress, institutions must develop policies which satisfy federal requirements set forth in the General Provisions Regulations of December 1, 1987. The Higher Education Amendments of 1986 prescribe additional specific standards of satisfactory progress that must be met by students who have not received Title IV assistance prior to the 1987-88 award year. The institution must evaluate each student's satisfactory academic progress according to its policies and procedures and document the results of the review.
Scheduled Pell Grant (scheduled award)	The amount of a Pell Grant which would be paid to a full-time student for a full academic year. The Scheduled Award is based on the Student Aid Index for 89-90, or the Pell Grant Index for 1990-91, and the total allowable cost of attendance and is determined from the Payment Schedule.

Scholarship	A form of financial assistance which does not require repayment or employment. A "merit-based" scholarship may be made to a student who demonstrates or shows potential for distinction, usually in academic performance, at the institution. The term is also frequently used to refer to need-based state grant ("state scholarship") programs. Scholarships may require both academic proficiency and demonstrated financial need.
Secondary Markets	A means through which holders of loan notes sell them to a third party, such as the Student Loan Marketing Association (SLMA, or "Sallie Mae") or another lending institution, for the face value of the loan portfolio or other negotiated price. Once sold, the secondary market has total responsibility for the future servicing and repayment of the loan. In addition to Sallie Mae, which is chartered by Congress, there are 30 secondary markets operating at the state or regional level, as well as a number of commercial lenders who also purchase loans.
Secondary PGI and FC	<i>(See Primary PGI and FC).</i>
Selective Service System	Federal agency responsible for selective service status. See Statement of Registration Status. If they haven't already done so, students may elect to register for the Selective Service on the AFSA or the SAR.
Self-evaluation	A regularly scheduled system of self-evaluation undertaken by an institution to provide early problem detection and resolution.
Self-help Expectation	The principle that a student has an obligation to help pay for a portion of his or her education. A standard self-help expectation is frequently computed in the analysis of student resources.
Self-help Programs	Funds from work and loan sources. Title IV self-help programs include College Work-Study, Perkins Loan, Stafford Loan, SLS, and PLUS.
Separation of Functions	In administering Federal student aid programs, an institution must establish and maintain an internal control system of checks and balances that ensures that no office can both authorize payments and disburse funds to students.
Simplified Needs Test Formula	A statutory formula that uses a limited number of data elements in calculating a student's EFC under the CM and FCS.

Single-Entry Bookkeeping	The system used, for example, in a personal checkbook where generally only records of cash and of personal accounts are maintained. Where transactions are infrequent and receivables, payables, and assets other than cash are few, single-entry records, carefully maintained, may be adequate.
SingleFile Form	The name of the financial aid application form used by USAF.
Site Visit	An independent auditor must undertake a site visit of the institution itself in order to understand its physical plant, enrollment, student financial aid application process, and attendance monitoring features. This visit must occur either during the audit itself or the audit period.
Six-month Program	A program consisting of at least 16 semester or trimester hours or 24 quarter hours at institutions using credit hours to measure progress; 600 clock hours of supervised training at an institution using clock hours to measure progress; or 600 clock hours of preparation in a correspondence program; or a program that the Secretary determines to be a six-month program if the Secretary agrees with a certification by the institution's nationally recognized accrediting agency or association that the program is equivalent in course content and student workload to the comparable six-month credit hour or clock hour program.
Skiptracing	When a borrower no longer resides at the address to which a lender or school is sending billing notices, the lender or school must attempt to find a correct address. They may use any information obtained from the borrower while the borrower was at the institution, or information from such offices as the registrar's office or the alumni office. If a borrower cannot be located with information available at the institution or otherwise available to the lender, the lender or school must use the Department of Education's free skiptracing service.
Source Document	In the construction of student budgets, original supporting data for any expense item; back-up material for decisions reached.

Special Allowance	The Special Allowance is a percentage of the average unpaid principal balance paid to a lender by the Department of Education on an eligible Stafford, SLS, or PLUS loan. In effect, ED is paying extra interest on the loan in addition to the interest paid by students and parents. The subsidy makes up the difference between the rates charged to Stafford/SLS/PLUS borrowers and the market interest rates. The amount of the special allowance is set by a statutory formula related to 91-day Treasury Bill rates.
Special Condition	A change in the family's situation, such as the loss of employment or death of a parent, that affects the family's ability to contribute to the student's costs. If a student meets one of the special conditions defined by regulation, expected year income will be used instead of base-year income to calculate the Pell Grant Index and the Family Contribution that are printed on the Student Aid Report.
Stafford Loan	The former name of this loan was the Guaranteed Student Loan or GSL. It was renamed for Senator Robert T. Stafford. This loan program provides federally-subsidized, low-interest loans to students who are in undergraduate or in graduate or professional programs.
Student Status Confirmation Report	The report (in printed or magnetic tape format), usually sent to educational institutions twice per year, which lists all Stafford loans, SLS, or PLUS loans made on behalf of a student from that institution presumed to be currently enrolled. The institution is required to provide certain enrollment status information about each student. The report is used to assist the lenders in monitoring enrollment status of student borrowers for repayment purposes.
Standard Maintenance Allowance	An allowance against income for the basic costs of maintaining family members in the home. The allowance is based upon consumption and other cost estimates of the Bureau of Labor Statistics for a family at the low standard of living.
Statement of Account (SOA)	A statement originating from the Department of Education which sets the authorization level and projects future adjustments to the institution's payments in the Pell Grant program.

Statement of Educational Purpose/Certification Statement on Refunds and Default	The student must sign this statement in order to receive federal student aid. By signing, the student agrees to use the funds solely for educational purposes and certifies that he or she does not owe a refund on any grant, is not in default on any loan, and has not borrowed in excess of the loan limits under Title IV programs. The student must sign the statement on the SAR or a similar statement prepared by the student's school, and the statement included on a Stafford or SLS loan application.
Statement of Registration	In order to be eligible for Title IV aid, students must certify that they have registered for Selective Service or are not required to do so because either they are female, in the armed services on active duty, have not reached their 18th birthday, were born before 1960, or are citizens of the Federated States of Micronesia, or the Marshall Islands, or a permanent resident of the Trust Territory of the Pacific Islands (Palau). The statements of Registration Status appears on Part 1, side 2 of the SAR.
State Student Incentive Grant (SSIG)	A Title IV aid program jointly funded by the federal government and participating states. It provides state scholarship grant assistance to students who show substantial scholarship financial need.
Student Aid Application for California (SAAC)	The MDE financial aid application produced by ACT and CSS for use in California.
Student Aid Index (SAI)	<i>(See Pell Grant Index)</i>
Student Aid Master Record	A record containing information for an in-school student for each award year. The institution records on it all basic information relating to all student aid programs the student participates in, including institutional and other aid programs.
Student Aid Report (SAR)	The official 2 or 3-part notification of the results of processing the student's Pell Grant application that is sent directly to the student by the Multiple Data Entry processors. The report shows the Pell Grant Index (PGI - formerly the Student Aid Index or SAI). All three parts of the SAR must be submitted by an eligible student to the financial aid office at the institution in order for the student to be eligible for payments under the Pell Grant Program.

Student Budget	<i>(See Cost of attendance).</i>
Student Confirmation Report	The report (in printed or magnetic tape format), usually sent to educational institutions twice per year, which lists all Stafford Loan borrowers from that institution presumed to be currently enrolled. The institution is required to provide certain enrollment status information about each borrower. The report is used to assist the lenders in monitoring enrollment status of student borrowers for repayment purposes.
Student Contribution	The amount the student is expected to contribute toward educational costs from base-year income (taxed and untaxed), assets, and other resources. This is based on an analysis of income (taxes and untaxed) and assets with allowances provided for both to ensure that the student can meet necessary expenses.
Student Financial Aid Handbook	Handbook prepared by ED that provides detailed information on the administration of the major Federal student financial aid programs authorized under Title IV of the Higher Education Act (HEA) of 1965, and its amendments.
Student Payment Summary	A Department of Education listing of Pell Grant applicants and award information for each student retained in ED's records. The summary is sent to the institution at mid-year and at the end of the processing year.
Subsidiary Accounts	The accounts related to the control account. They support in detail the summary transactions posted in the control account.
Subsidiary Records Reconciliation	The records which must exist to support the totals in each Title IV aid program account. Reconciliations between accounts and subsidiary record detail need to be performed no less frequently than monthly, as required by some OSFA programs.
Subsidized Loan	A loan supported with funds paid by the government to the lender. In the Stafford Loan program, the government makes interest payments on behalf of the student borrower during at least half-time enrollment and approved grace or deferment periods.

Supplemental Appropriations	Appropriation measures passed by Congress and signed by the President after the regular appropriation to meet unanticipated expenses, to fund new authorities, or to expand existing funding.
Supplemental Educational Opportunity Grant (SEOG)	A campus-based program that provides grant assistance to students who are in undergraduate programs and have not received a bachelor's degree. Priority in awarding SEOG funds is given to students who have exceptional financial need and are eligible for a Pell Grant.
Supplemental Loans for Students (SLS)	SLS is a Title IV aid program that provides loans to students who do not meet the need criteria for a Stafford Loan, or who qualify for further assistance beyond the funds available to them through the Stafford Loan program. An SLS loan may be substituted for all or part of the expected family contribution and is referred to as "non-need-based." SLS loans may be borrowed by graduate, professional, and independent undergraduate students and, under certain conditions, by dependent undergraduate students.
T-accounts	An accountant's short-cut method of illustrating ledger accounts, enabling the accounts to be used for illustrative purposes without tedious reproduction of accounts as they actually appear in an institution's ledger.
Taxable Income	Income earned from wages, salaries, tips, as well as interest income, dividends, alimony, estate or trust income, business or farm profits, and rental or property income. These types of income are usually reported on an IRS tax form.
Term-based Schools	Institutions which measure academic programs in terms--quarters, trimesters, or semesters--and whose students earn credit hours.
Title IV Student Financial Aid	This aid refers to federal student financial aid programs for students attending postsecondary educational institutions. These programs are authorized under Title IV of the Higher Education Act of 1965, as amended, and administered by the Department of Education. The programs are Pell Grants, Supplemental Educational Opportunity Grants, College Work-Study, Perkins Loans, Stafford Loans, Supplemental Loans for Students, PLUS Loans, Income Contingent Loans, and Robert C. Byrd Honors Scholarships, and State Student Incentive Grants.

Tolerance Levels	As the term relates to verification, the allowed limit of error (the sum of the absolute change in dollar values) within which recalculation and/or reprocessing is not required. For changes greater than or equal to the tolerance levels, the EFC must be recalculated using the correct data.
Transfer of Funds	The transfer of an allowable percentage of the allocations between the CWS and SEOG programs, as permitted by statute.
Trial Balance	The confirmation of the equality of debit and credit balances and the addition of account balances. A trial balance for the Title IV programs is a confirmation that accounts receivable, program expenditures, and cash balance equal the amount authorized. The taking of the trial balance should be performed at least monthly.
Trimester	A standard academic term, often equal to quarters and usually 10-12 weeks in length. At institutions using trimesters to measure student progress, an academic year is defined as the period of time a full-time student is expected to complete the equivalent of 3 trimesters.
U.S. Code (U.S.C.)	The federal government's compilation of public laws.
Undergraduate	In Pell Grant and SEOG terminology, an undergraduate is a postsecondary student who does not have a baccalaureate or first professional degree.
Underutilization	Awarding a total amount of funds to eligible students in an award year that is less than the institution's authorized level of funding.
Underemployed	Working part-time, even though full-time employment is desired, because business is slow or only part-time work is available.
Unemployed	Not working this week but available for work and have made specific efforts to get a job sometime during the last four weeks.
Uniform Methodology (U.M.)	A method for determining a student and/or family's ability to pay for postsecondary education, used by the major need analysis services and many institutions and state agencies. This methodology may not be used to award Title IV funds after June 30, 1988.

Unmet Need	The difference between the sum of a student's total available resources and expected family contribution (EFC) and the total cost for the student's attendance at a specific institution.
Untaxed Income	Income received that is not taxed. Examples of such income are Social Security benefits, welfare benefits, interest on tax-free bonds, some unemployment compensation, military and other subsistence and quarters allowances.
Update Requirement	Required notification to ED of a change in the information originally reported on an aid application. Updates are required for changes in household size, number of family members in postsecondary education, and dependency status, because these items, if changed, may cause a significant change in a student's EFC.
Validation	See verification. Validation was the term used prior to the 1986-87 award year. The procedures applied only to Pell Grant applicants. Verification is the current term used, and it applies to all need-based Title IV programs.
Verification	The technical and administrative procedures for detecting and resolving inaccuracies in the data that a student has given when applying for Title IV aid. ED publishes a <i>Verification Guide</i> each year setting forth guidelines and procedures.
Verification Items	Specific applicant (and family) information which must be checked for accuracy in the verification process. Verification may also extend to other items at the discretion of the aid administrator. These may include home value and other assets.
Verification Worksheet	A form issued by the AFSA processor to students who applied using the Application for Federal Student Assistance (AFSA) and who were selected for verification. The ED worksheet provides instructions to the applicant concerning additional documents that the applicant needs to provide to complete verification. (MDE processors and NAS agencies may also have versions of ED's worksheet that is used for the same purpose.)

Vocational School

A business or trade school, technical institution, or other technical or vocational school, which may be public, nonprofit, or for profit, in a state, and which (a) admits as regular students only persons who have completed or left elementary or secondary school and who have the ability to benefit from the training offered; (b) is legally authorized, by the state where it offers postsecondary education, to provide a program of postsecondary vocational or technical education; (c) provides a postsecondary educational program that is designed to provide occupational skills more advanced than those generally offered at the high school level, that prepares students for gainful employment in a recognized occupation, and that is no less than 300 clock hours of supervised training at an institution using clock hours to measure progress or 8 semester or trimester or 12 quarter hours at an institution using credit hours to measure progress. (Correspondence programs must require an average of at least 12 hours of preparation per week over each 12-week period and completion of a program in not less than 6 months.); (d) is accredited by a nationally recognized accrediting agency or association, or is a public postsecondary vocational institution approved by a state agency listed by the Department of Education as a reliable authority on the quality of public postsecondary vocational education in that state; and (e) has been giving postsecondary instruction (and has been legally authorized to give postsecondary instruction) for at least 2 years. Note: A vocational school is eligible for the Stafford Loan, SLS, and PLUS programs only. Note: In the case of a flight school program, the school must maintain current valid certification by the Federal Aviation Administration. (See definition for *Postsecondary Vocational Institution*.)

Unmet Need	The difference between the sum of a student's total available resources and expected family contribution (EFC) and the total cost for the student's attendance at a specific institution.
Untaxed Income	Income received that is not taxed. Examples of such income are Social Security benefits, welfare benefits, interest on tax-free bonds, some unemployment compensation, military and other subsistence and quarters allowances.
Update Requirement	Required notification to ED of a change in the information originally reported on an aid application. Updates are required for changes in household size, number of family members in postsecondary education, and dependency status, because these items, if changed, may cause a significant change in a student's EFC.
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Vocational School

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